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The Nation's Business

What is Ottawa Doing to Curb Communists?

Canada Has Not Cheapest Power

Ontario Hydro Rate Making is Unsound

COMMUNISM AND OTTAWA

PREMIER FERGUSON of Ontario has, with characteristic directness, undertaken an investigation into the activity of agents of Moscow, in Ontario. There is little doubt that Mr. Ferguson will be able to put a distinct curb upon teaching of Red propagandists in Ontario schools.

But what is Ottawa doing to aid Ontario or to deter Bolshevist campaigners in other provinces. Ottawa knows what is going on. The Royal Canadian Mounted Police and the Department of Labor know of the activities of communists in Canada, activities aimed at shattering Canadian morale and ideals. Legislation aimed at those who are the agents of Moscow in Canada has never received hearty endorsation from the government.

Certainly the King Government is not friendly to Russia propaganda in Canada. But it has not shown itself unfriendly.

* * *

RATE MAKING IN POWER

CANADA has a great deal of electrical energy and much of it is very cheap energy when sold for industrial power or lighting current. But we blind ourselves to the facts when we claim, as we occasionally do, that we have the world's cheapest power. The claim is usually advanced on behalf of the Ontario Hydro Electric System whose protagonists state that public ownership of power in Ontario has given the province the world's cheapest electrical energy. The statement is simply untrue.

A bulletin of the Ontario Hydro Electric Power Commission dated November, 1927, states that in 1926 the commission served 243 muncipalities at an average revenue of 1.60 cents per kilowatt hour. In that same year the Alabama Power Company served [illegible] communities at an average revenue of 1.25 cents per kilowatt hour; the Southern California Edison Company 360 [illegible] cents per kilowatt hour; the Puget Sound Power and Light Company 462 communities at 1.64 cents per kilowatt hour; the Tennessee Electric Power Company 104 communities at 1.67 cents per kilowatt hour, and so on. The average revenue per kilowatt hour in territories in the United States, in which conditions are at all similar to those in Ontario, are as low, and in many cases lower, than those in Ontario.

It is not unpatriotic to point out these facts. We are wisest when we do not allow ourselves to be fooled by the politicians who foisted public ownership of power on Ontario.

* * *

THE whole fabric of rate making in Ontario is unsound because it is designed to give power at less than cost to the person who buys the smallest amount of power, while forcing those who are large consumers of power to bear an undue burden. This is not the policy of private power companies either here or in the United States and this is the chief basis upon which they are attacked by politicians. A report issued this week by the National Electric Light Association in the United States outlines the rate making policies of private companies across the line.

The report calls attention to the fact that up until 1920 the relation of rates in Ontario, as between domestic and commercial consumers, was similar to that in the United States. Up to that time the domestic consumer, who uses the smallest amount of energy, requires relatively large station equipment for his use, and who uses his energy but a few hours of the twenty-four, paid the highest rate. The commercial lighting consumer who uses from three to ten times the energy used by the domestic consumer, and who uses his equipment for a longer period each day, paid unit rates somewhat less than the domestic unit rate. The large power consumer, who uses great quantities of energy and for long periods of the day, was given the lowest unit rate owing to the lower cost of production and distribution on such a large scale.

This is the policy of rate-making which has always been followed by the light and power industry in the United States. The consumer who buys his energy wholesale pays a lower rate than the small retail buyer just as in the case of any other commodity. Now the policy on Ontario has been reversed. The commercial customer, although he buys wholesale and can be served at less cost, pays considerably more than the domestic consumer. The committee emphatically opposes any such policy for the United States which would subsidize the small light and power user at the expense of commerce and industry.

* * *

IN MATTERS of taxation, ability to pay is properly considered a factor in determining assessments and rates. The income tax falls more heavily upon the wealthy than upon the poor. But in the sale of a commodity, be it power, water, gas, groceries or automobiles, a system that sells to the small consumer at a loss and to the large consumer at an excessive margin of profit is incorrect in principle, and impractical in bringing about industrial prosperity.

Inter. Utilities Earnings Larger, Outlook is Good

Writes Buffalo and Erie Traction Completely Off Its Books

B STOCK LOOKS WELL

Junior Security Speculative But Its Position Has Been Bettered in Past Year

From Our Own Correspondent

MONTREAL.—The International Utilities Corporation has written down its holdings of the Buffalo and Erie Railway Company, now in the hands of the receiver, to $1. The stock was formerly carried on the books of the company at $907,080. For the twelve months ending October 31, International Utilities made a net profit on the sale of securities amounting in all to $722,000 which, taken together with the large appreciation in some of its Canadian holdings such as B. C. Power, more than offsets the writing off of the Buffalo and Erie Railway. Incidentally, the International Utilities acquired at low cost some of the bonds of the Buffalo and Erie and any betterment in the position of that traction company will be reflected in the value of International Utilities' holdings of the bonds.

Sufficient For Dividends

The operating income alone of International Utilities is now more than sufficient to take care of the dividend requirements on the Class "A" stock, and the "B" shares are therefore in a more attractive speculative position.

In addition to its operating revenue, the company has other sources of profit such as the purchase and sale of securities. A source of potential profits are the large holdings of valuable oil lands in Western Canada. Next year, these are being drilled on a royalty basis by a subsidiary which International Utilities has formed with one of the great oil companies. The extent of the company's oil lands in Western Canada is such as to add a very real speculative interest to the "B" stock.

Earnings Much Better

As the accompanying figures show, earnings this year show a substantial increase over 1927. About 75 per cent. of the profits come from Canada, the remaining 25 per cent. coming from the United States.

International Utilities Corporation is steadily expanding, both in the United States and in Canada, by the acquisition of smaller public utility properties. While many of these acquisitions in themselves provide no large potential source of earnings for the corporation, yet when linked in a chain of properties such as International Utilities now owns, they form valuable distributing and transmitting subsidiaries, tending to reduce operating and selling costs and so to increase the demand for power.

Earnings This Year

The dividend requirements of International Utilities preferred shares and Class "A" shares now amount to some $930,000 annually. These dividend requirements compare favorably with the following con-

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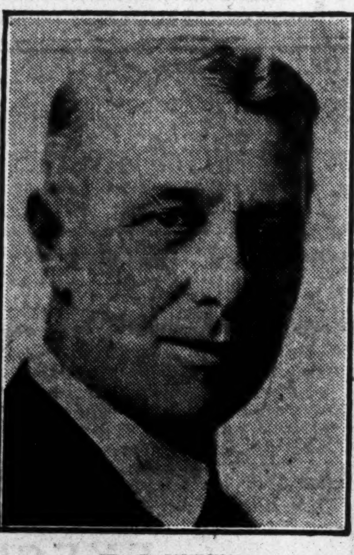
B.C. Power President



W. G. MURRIN,
who becomes president of British Columbia Electric Railway Company on January 1. He succeeds George Kidd, who on that date becomes chairman of the board of B. C. Power Corporation, the holding company.

MENTION $40 FOR SHARES IN LOBLAW'S

Rights of One in Ten Will be Worth About $6, is Report

Shareholders of Loblaw Groceterias, Ltd., will be offered valuable rights to new common stock to be issued by the company early in the new year, The Financial Post was informed from a reliable source.

Announcement that the company would shortly issue rights was made in The Financial Post of December 7, and it is understood that final details with regard to the issue will be completed in a couple of weeks. The basis on which the rights will be offered will be 1 new for every 10 held it is intimated. While the price per share has not yet been announced it is understood that the rights will be worth about $6 per share. At current market prices this would mean a price of approximately $40.

Shareholders of Loblaw's were offered rights in February of 1928, when the company issued 17,423 additional common shares. At that time one new share was granted for each te . shares held at a cost of $60 per share.

The company has an authorized common stock of 200,000 no par value shares of which 191,650 are outstanding; and $760,000, 7 per cent. preferred, $533,300 outstandin·· as at May 31, 1928.

Henry Ford has decided to allocate shares in new British Ford Co. to small British applicants in preference to Wall Street investors who contributed heavily toward the oversubscription of the issue representing 40 per cent. of the $35,000,000 Ford British enterprise.

Cockshutt Plow Has Been Selling Below Comparable Securities

Stock Has Not Participated in Rise of Implement Shares

LOOKS OUT OF LINE

Net Profits in 1929 Should Make Present Price Look Cheap — Interesting Speculation

From Our Own Correspondent

MONTREAL.—One of the largest and shrewdest buyers of common stocks in Canada has recently bought the shares of the Cockshutt Plow Company, with the belief that the stock stands every chance of appreciating substantially over a pull. What information is available on the company certainly appears to bear out his views and indicates that Cockshutt, even though speculative, is selling out of line with similar securities.

This year the company will show net earnings of about $950,000, equivalent to $3.50 on the 288,600 shares of stock outstanding. Incidentally, the company has no securities ranking senior to its common shares.

The shares are now selling about 36 and the last balance sheet showed that the company had in working capital, over $17 a share on its stock. The last annual report showed current assets at over $5,200,000; current liabilities were only $100,000 and the net working capital was $5,100,000.

Record Unattractive

On the record of the company and on its past earning power, the stock presents no particular attractions. But like Massey-Harris, on its potential earnings the stock appears to be decidedly attractive as a business man's semi-speculative purchase.

The Canadian West has just had its fourth good crop and there is no doubt that a greater acreage will be seeded next year. Hence, the farmers will be large buyers of agricultural implements.

Marketwise, Massey-Harris has discounted this situation much more than Cockshutt Plow which has not had its market play. Earnings of Massey-Harris in 1928 will amount to $5.50 a share and in 1929, according to sound forecasts, will earn close to $10 a share. On this basis, Cockshutt Plow in 1929 will show between $6 and $7 on its common stock.

Worth 15 Times Net

The shares of the United States agricultural implement companies are changing hands at between 15 and 16 times their earning power. On this basis, Massey-Harris, with earnings of $5.50 a share, should sell at around 82½ and Cockshutt Plow, with earnings of $3.50 a share should sell around 52½. But Massey is selling over 90 and Cockshutt is selling well under 40.

The company's sales even now are reflecting the improved conditions surrounding its operations and warehouse stocks of implements are understood to be lower than they have been for many years.

The book value of any security does not give any accurate clue as to its potentialities or its earning

(Continued on page 2, col. 4)

DeForest Crosley Earns $6 on Stock

Figures for eleven months indicate that DeForest - Crosley, Ltd., the Canadian company which recently was financed, will earn about $6 for the full year after depreciation and other write-offs.

DeForset-Crosley stock came on the market in October at $25 the share. It is currently selling at $49.

'LADY NELSON' CARRIES ONLY ONE EXPORTER

Business Men Miss Great Opportunity in B.W.I.

IS LUXURIOUS SHIP

Residents of West Indies Acclaim Dawn of New Era, as New Boat Arrives

By HORACE T. HUNTER
Vice-President, The Financial Post

ON BOARD
R.M.S. LADY NELSON

HAMILTON, Bermuda. — The maiden cruise of the Lady Nelson, the new Canadian National Steamship's boat, is doing much to win good will for Canada in the British West Indies, but it is exceedingly unfortunate that Canadian business executives have again missed a big opportunity for making business contacts with a view to developing export trade.

The Canadian National Steamships are providing a magnificent line of steamships in the West Indies service. This fulfills one of Canada's promises in connection with the British West Indies Trade Treaty. The Lady Nelson is now on its initial cruise of the new fortnightly service between Canada and the Islands. At every port it is being greeted with acclaim. The leading business men, bankers and officials of the different British countries in the West Indies are being entertained aboard the steamer at its ports of call. Yet there is only one executive from any large Canadian exporting house aboard the Lady Nelson on this important inaugural cruise. He is Frank Matthews, vice-president of Canada Packers.

Feel Canada Not Interested

The result of this apparent lack of interest by Canadian business men in the opening of this new treaty service between Canada and the British West Indies is that the business men of the islands feel that Canada really is not interested in West Indian trade. The bigger business men of the islands are attending the functions in connection with the first visit of the new boat in the hope of meeting representative Canadian business men. They are not met by the large gathering of such business men that they expected and had a right to expect.

The Lady Nelson is luxuriously fitted up for passengers. It is only an 8,000 ton boat but this is as large as could be used to advantage in serving the smaller islands. The cabins are large and many of them have private baths and hot, cold and salt water. All have beds instead of bunks. The ship has all modern conveniences, including air conditioning plant which gives frequent changes of air and maintains an equable temperature at all times.

Cruise Is Important

The maiden cruise of the Lady Nelson, inaugurating such an important service and giving Canada such an important point of contact with the British West Indies, is regarded as of great significance. It evidences the greatly improved trading facilities that have been established between Canada and the British West Indies in connection with the recent treaty. Luncheon and dinner functions arranged for each port of call provide a splendid opportunity for exchange of ideas between business men of Canada and the islands.

The trip has been heralded in the newspapers here as opening a new era in the business life of the British West Indies. The citizens of these colonies are intensely loyal and have responded quickly to the closer contact with the largest British country in this hemisphere. Undoubtedly the establishment of such a line of luxurious steamers will increase the voluntary preference of the islanders for Canadian goods. The British West Indies preferential trade treaty is an important link in the Imperial Preference plan. If it proves a success, undoubtedly the whole plan of Imperial preference will be strengthened.

Logan and Gardiner Aboard

In the past, the United States has been the dominating factor in the trade and commerce of the islands. The British West Indies treaty and the new Canadian National line of steamers will do much to draw trade from the United States and divert it to Canada and other British countries.

Hence, J. Logan, who carried on the negotiations for the treaty, is aboard the Lady Nelson. He deserves much credit for his study of the problems involved and his perseverance in carrying the treaty through.

J. Gill Gardiner, a director of the Canadian National Railways, who has taken a great interest in British West India trade is also on board.

Stock Market

MARKET INDICATOR

20 Industrial Stocks	High	Low
Week of Dec. 19	102.5	97.6
Week of Dec. 12	102.1	94.8
Month of December, 1927	86.0	78.3
8 Bank Stocks		
Week of Dec. 19	280	276
Week of Dec. 12	286	277
Month of December, 1927	259	249
10 Public Utilities		
Week of Dec. 19	114	110
Week of Dec. 12	113	108
Month of December, 1927	110	103

WEEK'S GAINS AND LOSSES

	Gains	Losses	Unch.	Total
Banks	2	5	1	8
Paper	9	4	5	18
Steel	16	11	21	48
Foodstuffs	16	34	33	83
Utilities	12	8	18	38
Tractions	4		8	12
Textiles	4	5	10	19
Industrials	40	34	50	124
Total	103	101	146	350

Consumers, United Fuel May Meet at Oakville

Ratepayers of Oakville, Ont., midway between Toronto and Hamilton, have granted a franchise for a gas distribution system to United Gas & Fuel Co. of Hamilton.

This project has been mooted for some time. In addition it has been suggested that Consumers Gas Co. of Toronto has contemplated going that far afield eventually. Consumers Gas now distributes gas in Mimico and New Toronto.

It is understood that United Gas & Fuel will distribute gas to other lakeshore communities between Hamilton and Oakville.

PAGE-HERSEY MAY REDEEM SENIOR ISSUE

Calling Preferred Would Result in Conversion to Common

SPLIT IS NOT LIKELY

If Dividends Are Increased, Changing Preferred to Common Would be Profitable for Holders

Common stock of Page - Hersey Tubes has been moving to higher levels in the last week on indefinite rumors of some developments of interest to the shareholders. An increase in the dividend rate and a split in the stock have been two possibilities discussed. Redemption of the preferred also is possible.

A consistent buyer of the stock for many months, informed The Financial Post this week that the possibility of a split in the stock was remote and that an increase in the dividend rate, if it comes, will not be more than $1 per share. The present rate is $3.

Management Is Reticent

Whether or not this man is aware of what is in store for the company, his opinions coincide with the known attitude of the directors toward the shareholders. Little information of a hopeful nature ever comes from the management and the annual report is one of the most conservative that is published. In the circumstances it would not appear likely that the directors at this stage would be contemplating a split in the common shares.

What is more likely is that the preferred stock will be called for redemption. The redemption price is 110 but the notice would not extinguish the right of conversion into common stock on the basis of two common for one preferred. This right exists until notice of redemption or until July 1, 1934.

If Page-Hersey were to call its preferred stock for redemption, the result would be a company the entire capitalization of which would be in common shares. The company redeemed the last of its bonds a few months ago. The original issue of $2,000,000 in July, 1926, was paid off in two years.

Would Have 171,000 Shares

Assuming that all preferred shares were converted prior to redemption, Page-Hersey would have outstanding a total of approximately 171,120 shares of common of no-par value. As at December 31, 1927, the outstanding stock was $2,715,100 of preferred of $100 par value and 116,818 common shares.

Page-Hersey showed earnings of $7.02 on the common stock for 1927. Relieved of bond interest and sinking fund and because of increased business it is believed that earnings on the common stock for 1928 will have been much higher, although there may be a reduction in the investment account owing to the use of a portion of these assets for redemption of bonds.

HIRAM WALKER AGAIN ASCENDS NEAR TO PEAK

Buying Better When Congress Economizes on Dry Navy

Walker's stock, which receded recently to a low of 69½, on Tuesday and Wednesday, began again to show strength, reaching a high of 85, a move of fifteen points in the course of two sessions.

At Washington, D.C., it developed that congress would not accede to the demand for an appropriation of $270,000,000 for prohibition enforcement and it was apparent that the dry navy would have to worry along with only $13,000,000 or $14,000,000 to spend.

Buying From New York

This was considered a constructive move in so far as Walker's is concerned. Walker's does not sell any liquor in the United States but a great deal of liquor which Walker's sells finds its way into the United States under present conditions. A real effort by the United States to stop rum-running might curtail the earnings of companies strategically located for the export trade.

It is believed that much of the recent buying of Walker's, both at the present and the lower prices, has emanated from New York.

CANADIAN MARCONI

Canadian Marconi still sells above $7 per share, at which price it is a mere 350 times its current earnings. Some radio fans will tune in on even an unpromising programme.

BAKERY DEAL NOT RECEIVED WITH CHEERS

Northern Shares Drop Six Points When Announcement Read

DIVIDEND NOT EARNED

Holders Wonder How Long $2 Rate Continues; Consolidated To Be Controlled by Three Shares

Shares of Northern Bakeries of Canada dropped precipitately six points to 40 on transactions totaling about 6,000 shares on December 14 when the financial community in Toronto first perused the official notification regarding the proposed merger of Northern Bakeries into Consolidated Bakeries, so-called subsidiary of Ogilvie Flour Mills.

On following trading days the stock has been much stronger, but there is not the satisfaction in the deal that was hoped. Northern Bakeries recently sold as high as 52. Its record high of 54 was achieved on January 30, 1928.

Profit Less Than Dividend

Consolidated Bakeries will have 318,450 shares outstanding when the deal is completed. Profits, after depreciation and income tax, of the constituent companies were $586,430 in 1927 and $537,662 in the 47 weeks ended November 24, 1928.

The profit per share thus was $1.84 in 1927 and, assuming the same rate of earnings for the last five weeks of the year as in the preceding 47 weeks, will be $1.87 per share for 1928.

Northern Bakeries has been paying dividends at the rate of $2 per year since last July, a quarterly payment of 50 cents being due January 2, 1929. The official announcement of the merger, signed by R. McMullen, president of Northern Bakeries, says that "it is not anticipated that there will be any immediate change in income return to shareholders of Northern Bakeries of Canada by reason of exchanging their shares."

Think Rate May be Lowered

Despite this assurance, it is questioned if the present dividend payments on Northern Bakeries will be continued on the large number of shares of Consolidated Bakeries. It is assumed, of course, that certain economies will be effected by reason of the increased volume of business, yet it is wondered if the directors would pay dividends in excess of earnings for even the brief period that may elapse before the new company has increased its earnings to more than $2 per share.

Approximately 13.66 per cent. of the issued stock of Consolidated Bakeries has been issued in payment for Nasmiths, Ltd., of Toronto, Stocks Bread Ltd., of Peterborough and Norris Bros., Ltd., of St. Thomas, three bakeries not in the Northern Bakeries chain. This 13.66 per cent. is 39,500 shares. Northern Bakeries shareholders are to receive 250,000 shares, or share-for-share, for their stock, making a total issued capital of 289,500 shares. Then all shareholders are to have the right to purchase one additional share at $30 for each ten shares held, thus bringing the issued capital on completion of this financing to 318,500 shares. At the present price of $40 per share, the rights are worth approximately $1 per share.

No Basis of Comparison

The notice to the shareholders of Northern Bakeries does not give any details of the basis of valuation under which the shares of Consolidated Bakeries are to be distributed. Because the three individual companies in the merger were private companies prior to the merger, no balance

(Continued on page 2, col. 1)

City Dairy Preferred Reaches Record High

Superior Voting Power of Senior Stocks is One Attraction But Wide Distribution Makes Accumulation Difficult

City Dairy preferred achieved a new high figure this week at 150, at which price the investment yield is 4.66 per cent., or about the same yield as on the government bonds held by the company as the primary security for the issue.

City Dairy preferred has sixteen votes per share, the voting power of the preferred and common shares being relatively the same as when the common stock was $100 par value. The common has been split sixteen times since then.

Preferred Stock Controls

There are 7,000 shares of preferred and 92,400 shares of common. The preferred has 112,000 votes to 92,400 votes for the common. The preferred thus has a voting-power value. A year ago when the directors were averse to splitting the stock, certain interests fortified their demands by demonstrating that they controlled a fair amount of the preferred as well as substantial amounts of common.

It was suggested this week that Montreal or United States interests which long have coveted City Dairy might be attempting to obtain control by purchase of preferred shares. In another quarter it was said that there was a block of preferred for sale around 135 but that, in view of the fact that the 7,000 shares are widely distributed in lots of from two shares to 100 shares, the price would have to be bid to fancy prices before any substantial amount could come out.

City Dairy preferred is non-callable. The company has more than $1,000,000 invested in government bonds and eventually plans to derive sufficient income from these investments to pay the preferred dividend of $49,000 annually. Earnings from the other liquid and physical assets of the company then will enure exclusively to the common stock.

Dominion Engineering Declares 50 Cent Bonus

From Our Own Correspondent

MONTREAL.—At a meeting of the Dominion Engineering Works this week, the regular dividend of 75 cents was declared for the third quarter. In addition a bonus of 50 cents was also declared, both being payable January 15 to holders of record December 31. Total disbursements, therefore, on the common stock, totalled $3.50 for the current year. Colonel John Price, president of Price Brothers, was elected a director of the company.

As Dominion Bridge Company holds approximately 60 per cent. of the shares of Dominion Engineering, this bonus will give Dominion Bridge an additional sum of about $37,500 on its holdings in its prosperous subsidiary.

No announcement has yet been made as to what steps Dominion Engineering proposes to take in relieving the Armstrong-Whitworth Company of its contingent liability on guarantee of the bonds of the Charles Walmsley Company. These bonds are redeemable at 104 and interest, representing an increase of 7 points from the original offering price of 97.25.

King Edward Hotel Gives Highest Yield of Common Stocks

Low Price Discounts Possible Drop in Earnings

BUT WINDSOR PAYS

Montreal Situation Cited as Reason For Believing New Competition Will Not Hurt

The highest yield common stock listed on either the Toronto or the Montreal stock exchange is King Edward Hotel, Toronto. The dividend is $6 plus 50 cents extra. The last sale of this stock was at 56 so that the yield is better than 11½ per cent. Cosgrave's Brewery and Crow's Nest Pass both give a yield of better than 10 per cent. but high-yield common stocks are few and far between.

King Edward Hotel at 56 is discounting possible drop in earnings when the Royal York, the C.P.R. hotel in Toronto, with 1,350 rooms, is opened next June. But there are those who contend that the King Edward will not suffer in earnings, although it will take second rank in size and probably in prestige.

There are three reasons for the belief held in some quarters, including the management and directors of King Edward, that the King Edward will continue to do well after the Royal York is opened. These reasons are that older hotels in other cities have continued to do well after the opening of new and larger places; that there has been a serious shortage of hotel accommodation in Toronto and that the Royal York, ranking in size with the biggest outside New York and Chicago, will bring business to Toronto which will benefit other hotels.

In support of the contention that the Royal York will bring business to other hotels is cited the fact that the Royal York already is booked to capacity for the first month or six weeks that it will be open. The Canadian Pacific, it is understood, had planned to have an opening ball and other festivities, but it now appears that the owners of the property will not be able to use it for this purpose in the first month or six weeks unless one or other of the large conventions is cancelled. These conventions [illegible] more visitors [illegible] accommodated [illegible] Royal York. The overflow will go to the other hostelries and there will be, in addition, the regular business which is at present filling all hotels to capacity.

There has been one other large hotel opened in Toronto within the last year. While the rates are lower than in the King Edward, it does not appear that the smaller hostelries have suffered. Another hotel in the secondary class recently has been financed and its promoters are confident that there will be business for all.

Winter business of the King Edward and smaller hotels in Toronto has been excellent in the last three or four years and it is believed that,

(Continued on page 2, col. 5)

Not Mixing Year Alberta Grain Finds

Earnings of Alberta-Pacific Grain Co. are reported to be running at about the same rate this year as last. The company reported $6.50 on its common stock for the year ended June 30, 1928, and it is understood that certain revenues from a subsidiary company were not included.

Volume of business is bigger this year than last but the crop is not one which lends itself readily to mixing. The company last year made considerable money from mixing in order to better the grades of wheat which was in its elevators and which it owned outright.

BURNS & CO. EARNINGS UP FIRST YEAR

Recently Financed Company Makes Good Progress in West

Burns & Co., which was financed last May with issues of 5½ per cent. bonds and 6 per cent. preferred stock, is reported on good authority to have earned a substantial sum on the common stock after bond interest, taxes, preferred dividends and allowance for depreciation.

The amount that will be shown as earnings on common stock cannot be determined because it is not yet decided what will be the writeoffs. It is likely that the directors will wish to build reserves for the new company as rapidly as possible. Common shares to the number of 17,250 were given as a bonus with the preferred and buyers of the preferred stock have the privilege of buying common at $30 per share between July 1, 1929, and July 1, 1930, in the proportion of one common for four preferred.

Burns & Co. is the successor to P. Burns & Co., the largest company in the meat-packing and food business in Western Canada. The company is excellently managed, with Pat Burns as chairman of the board, John Burns as president and W. J. Blake Wilson the principal executive at Vancouver, where the company has important interests as meat packer and as a wholesale and retail distributor of all kinds of food products.

Has Management Shares

Capitalization of the present company consists of $7,000,000 of 5½ per cent. first mortgage bonds and $6,900,000 of 6 per cent. preferred stock, three management preferred shares and 99,997 shares of common. The management preferred shares automatically become common shares at the end of five years.

The predecessor company was notably successful in Western Canada, especially in the post-war deflation period when it, virtually alone among meat packers on this continent, operated at a profit. This success continued in later years and the growing prosperity of the prairie provinces and British Columbia have enabled the new company to make even greater progress than was anticipated at the time of the offering of bonds and preferred stock last May.

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UNITED BISCUIT MAY BE BUYER OF G. WESTON'S

Possible Price For Toronto Company Is $123 Per Share

United Biscuit Co. of the United States is believed to be the purchaser of George Weston, Ltd., of Toronto and Brantford, and of George Weston Biscuit Co., Inc., the United States company recently formed in Watertown, Mass., and of which the Canadian company owns 25 per cent. of the common stock.

Closing price of the common stock of George Weston, Ltd., on Wednesday was 114⅞. The opening price the same day was 100.

Officers and directors of the company who were approached on the subject of the sale declined to make any comments. The identity of the probable purchaser was learned from other sources. The price mentioned was 123, but it is possible that in the later negotiations this was scaled down.

U. S. Company New

Common stock of the Massachusetts company was quoted around $25 the share. There are 50,000 shares outstanding and $500,000 of preferred, placing a valuation of $1,750,000 on the United States company which has been established only a few months.

Capitalization outstanding of George Weston Ltd. consists of $500,000 of preferred, now selling at a fraction under par and 25,000 shares of common, of which less than 5,000 shares are held by the public. At $114, the company thus has a valuation of $3,350,000, of which $2,850,000 is represented by the latest quotation on the common stock. The preferred is redeemable at 110, so that, assuming that the purchasers would redeem it, another $50,000 should be added to the sale value of the company as a going concern.

Rise From $30

George Weston, Ltd., owns 25 per cent. of the common stock of the Massachusetts enterprise. The Canadian company took this in payment for the goodwill built in the United States in the last year or two when Weston's English-type biscuits were sold in New York, Boston and other centres. The Massachusetts company also is given the right to use in the United States whatever private processes the Canadian company may own or have developed.

Present market of 114 for the common of George Weston, Ltd., is a rise from $30 since late in February, 1928. R. A. Daly & Co. at that time offered the preferred stock and purchasers were given the right to buy two common shares at $30 for each ten shares of preferred.

Abitibi's Action Bears Out Financial Post's Statement

From Our Own Correspondent

MONTREAL.—The Abitibi Power & Paper Company is the first casualty in the havoc caused by the over-expansion of the newsprint industry. The common dividend has been passed. The action by Abitibi bears out the warnings which The Financial Post has steadily issued to investors over the past eighteen months touching the dangers which would follow the over-expansion of the industry. It also bears out The Post's editorial stand last June when the demand was made for government action, or for action by the newsprint companies themselves to stave off the then threatening price cutting situation.

During the summer valuable time was wasted, and the price cut has now become an accomplished fact. Abitibi's action will give investors an idea of what they can expect in the way of earnings next year by all the newsprint companies. Only those companies which have no funded debt and only small issues of preferred can be expected to show earnings on the common. Some of the companies have a large production in lines other than newsprint. These naturally will do better than the purely newsprint companies.

BAKERY DEAL NOT RECEIVED WITH CHEERS

(Continued from page 1)

sheet or income accounts are available for comparison. Moreover, Northern Bakeries never has published its report, so that the only figures concerning it exclusively were contained in the circular published at the time of the public stock offering in June, 1927.

The only direct comparison available is for the year 1926, before F. K. Morrow obtained control of Northern Bakeries and long before Ogilvie became interested in the three smaller companies. In 1926, according to the prospectus, Northern Bakeries earned $382,784 after depreciation and income tax. In the same year the companies now to form Consolidated Bakeries earned $456,221. Of this, 84 per cent. was earned by Northern Bakeries.

This suggests that the basis of allotment of the Consolidated Bakeries shares to shareholders of the constituent companies is based approximately on earnings. Northern Bakeries shareholders are to get 86.33 per cent. of the total shares, this ratio possibly being due to increased earning power since it came under Morrow control.

Northern Bakery Profits

Net profits of the constituent companies in 1926, after depreciation and income tax, were $456,221, of which Northern Bakeries share of 86.33 per cent. would be $393,855. In 1927, the net profits were $586,430, of which 86.33 per cent. would be $506,265. In the 47 weeks of 1928 ended November 24, the net profits were $536,662, of which 86.33 per cent. would be $463,330. On this basis, Northern Bakeries would earn slightly in excess of $500,000 for the full year, out of which a half year's dividends, or $250,000 will have been paid.

Balance sheet of Consolidated Bakeries and its subsidiaries, which is included in the letter signed by Mr. McMullen, shows total assets of $8,435,769. It is a pro-forma document constructed on the assumption that all of the shares of Northern Bakeries, as well as of the three other companies, will have been exchanged and that the 28,950 additional shares will have been issued and sold for cash, at $30 per share. It is understood that the issue has been underwritten in the event that any of the shareholders do not exercise their rights.

Working Capital $2,200,000

Cash totals $1,284,701. Other items are: call loan, $750,000; acccounts receivable, $204,909; inventories and supplies, $351,383 and investments, $74,960. The total of current assets is $2,665,956, against current liabilities of $445,228, leaving a working capital of $2,220,728. Physical properties are carried at "depreciated appraisal," the item being $4,819,496, and goodwill, etc., is shown at $892,143.

The 318,450 shares are carried at $7,382,250, or $23.18 per share. Adding $559,572, which is the surpluses of subsidiary companies, the book value of the outstanding shares is $24.93.

Comparison of this balance sheet with that of Northern Bakeries as it appeared on the prospectus in 1927, is interesting but may not be significant. The book value of Northern Bakeries shares outstanding was $22.50. The working capital was $887,791. Minus the $868,500 that Consolidated Bakeries is to remove from the sale of additional stock, the working capital of that concern would be $1,352,228. This increase of $464,437 is represented by the betterment of Northern Bakeries position since 1927 and the net liquid assets taken over from the three smaller companies.

Neither the agreement between the directors of Northern Bakeries and the Toronto General Trusts Corp., nor the letter to shareholders signed by Mr. McMullen, reveals to what extent Ogilvie Flour Mills will be a shareholder in Consolidated Bakeries. All of the issued common shares of Consolidated Bakeries goes to shareholders of the constituent companies. It is not known if Ogilvie Flour Mills is a large shareholder of Northern Bakeries, or if control has been purchased from F. K. Morrow.

Three Shares Control

Consolidated Bakeries will be controlled by three management preferred shares. The holders of these management preferred shares will have the right to elect the board of directors. The holders of the management preferred shares are to be W. A. Black, president of Ogilvie Flour Mills, F. K. Morrow, director of Northern Bakeries of Canada, and G. A. Morris, assistant to the president, Ogilvie Flour Mills.

Control of a company through the issuance of management preferred shares is an innovation in Canada imported from the other side of the Atlantic. The Robinson Consolidated Cone Co., another enterprise in which F. K. Morrow is interested, is so controlled, but in that company the automatic conversion of the management preferred into common shares is provided for after a comparatively brief time. It is not stated what are the conditions under which the Consolidated Bakeries management preferred are issued.

The agreement involving Northern Bakeries provides that it shall become effective when 166,667 shares have been deposited with Toronto General Trusts Corp., the transfer agent. It is stated that certificates should be deposited not later than December 31, but the time may be extended to January 15. Certificates of deposit will be issued to shareholders pending issuance of the new shares. The authorized capital of the new company is 499,997 ordinary shares and the three management preferred shares.

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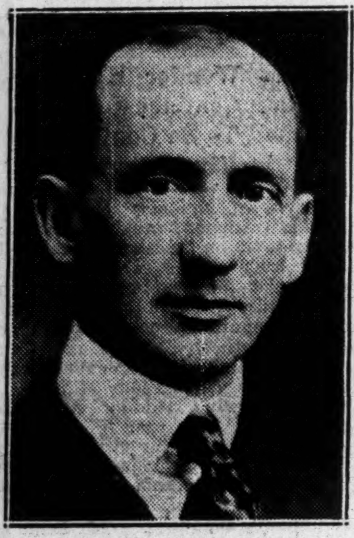

J. A. BRILLANT.

president of Quebec Telephone and Power Corporation, which is making a public offering of stock.

Nation's Commerce

Activities of Canadian Chambers of Commerce from Coast to Coast

From Our Own Correspondent

MONTREAL.—Sir William Clark, the High Commissioner in Canada for His Majesty's Government in Great Britain, visited the offices of the Canadian Chamber of Commerce in Montreal this week. The first public announcement by the High Commissioner in Montreal, was made in his interview with W. M. Birks, president of the Canadian Chamber of Commerce, Dr. John W. Ross, chairman of the executive, and other members of the Chamber. Sir William gave much credit to the immense strengthening of the Chamber of Commerce movement for the striking development, in England, of co-operation between the government and the business world. This co-operation, he said, was an excellent example of what was a conspicuous feature in modern business—the results which can be achieved by carefully co-ordinated efforts. In connection with the influx of English capital to Canada Sir William Clark said, "Another very important factor which is going to bring Canada and England closer together, is that Canada is once more beginning to obtain important supplies of capital from London. I have often been asked why more British capital has not found its way of recent years to Canada, but you must remember that for some time after the War, while the pound sterling was at a discount in relation to the dollar, the investment of British capital here was hardly a practical proposition, and we naturally lost a place in your market which it has been difficult to recover. It is the more gratifying, therefore, to find that the flow of capital is once more beginning." Commenting on the close trade relations between Canada and England, and the activities of the Empire Marketing Board to further Empire trade, Sir William said, "Our ship-builders have recently received magnificent orders from your two great transportation companies, the Canadian National and the Canadian Pacific Railways; and in the humbler sphere of retail trade, I see that Canada organized last year an Empire Shopping Week throughout the Dominion which, I have no doubt, will benefit the British exporter as well as the producers and manufacturers of your own land. These are the ways, obvious if you like, but practical, in which we can help one another, in which we can each contribute to the promotion of one another's trade and so to building up the prosperity of the Empire as a whole."

* * *

W. M. Birks, president of the Canadian Chamber of Commerce, has been invited to sit on the executive council of the Federation of Chambers of Commerce of the British Empire. Lord Kylsant is the president of this organization. The Federation of Chambers holds a congress every three years, with representatives attending from all parts of the world. The congress has been held in Canada on two occasions. The last meeting was held in Cape Town, in 1927.

A 40 page booklet on the program of Boards of Trade and Chambers of Commerce, is being issued by the Canadian Chamber of Commerce. This booklet will be ready for distribution by the first of the year.

Japanese firm, Kaigai Kogyo Kabushiki Kaisha Corp., obtains changes in charter in Brazil providing that it may enter banking field.

Tape Readings

CANADIAN DREDGE

Despite authentic information that Canadian Dredge & Dock will earn $10 per share in the current year, the stock still sells at approximately 6½ times earnings. There are only 50,000 shares of common outstanding and the market interest is not broad. Besides, while the immediate future seems assured, investors look askance at a stock in a company which may run into a time when dredges and other equipment are idle. Whatever may be the attractions in a stock as a trading issue, the situation is better when it is owned by persons who look upon it as a more or less permanent investment.

* * *

MONEY

Most of the market prognosticators are saying that call money will be costly over the year-end because of the huge sums which will be withdrawn temporarily when corporations are paying their year-end interest and dividends. On the other hand, it is noted that the situation probably has been well-provided for and the effect on call money may be less important than is generally expected. If this is true, the market is likely to construe the condition as constructive. It was February 1, not January 1, when the market break came a year ago.

* * *

TWO FORD COMPANIES

There are now two Ford companies in which there is a public investment interest. Ford of Canada alone has enjoyed the distinction for a number of years but now the British Ford company is an active trading stock in London and on the New York Curb. The £1 shares quickly were bid to double their par value. This indicates some little confidence in the Ford enterprises despite the progress made by his competitors.

* * *

BISCUITS

The financial editor of a Toronto evening paper remarks that if George Weston is sold to a United States concern, the United States will control all the large biscuit companies in Canada. Canada Biscuit, which owns large plants in several cities, and Viau Biscuit, the largest manufacturer in the province of Quebec, will be interested to hear this.

* * *

NEW YORK LISTINGS

Listing of Canadian stocks on the securities market of the New York Produce exchange is considered interesting but of problematical value. It will form a direct market for these Canadian stocks in New York but unless some brokers dealing in securities on the produce exchange become interested, the trades are likely to be few and far between. New York still thinks that all is wilderness north of the Bronx and that all Canadians who are neither in mining nor in the liquor business are engaged in tapping maple trees for the syrup.

* * *

INTERNATIONAL PAPER

Explanation for three and four point spreads maintained between shares of old International Paper Co. shares and new International Paper & Power Co. is furnished by an interest in the situation, who states that the spread is solely on account of a short interest in the old shares. International Paper & Power 7 per cent. preferred is selling four points lower than the old 7 per cent preferred stock of International Paper Co., which is exchangeable into the new share for share. The new stock cannot be used to cover short commitments in the old stock, which opens up the possibility of an interesting situation inasmuch as there is only 7 per cent. of the old stocks which has not been exchanged for the new. Similarly International Paper old common sells several points higher than the aggregate price of the "A," "B" and "C" shares into which it is exchangeable on the basis of one for three.

COCKSHUTT PLOW HAS BEEN SELLING BELOW COMPARABLE STOCKS

(Continued from page 1)

power, but it is a feature of any security which at least helps to assess its value. Here again, the comparison between Massey-Harris and Cockshutt reflects favorably on the shares of the Plow Company. In 1927, Massey had a book value of $36 a share on the common and Cockshutt Plow had a value of $46.

Shows up Favorably

In comparing the increases in profits experienced by both these two agricultural implement companies, Cockshutt Plow stock again show up favorably as net profits have increased proportionately more than Massey-Harris. The company's implement plant is located at Brantford and warehouses are maintained in Winnipeg, Regina, Calgary, Saskatoon and Brandon. Another was being erected in Edmonton.

In addition, Cockshutt Plow controls the Adams Wagon Company and Brantford Carriage Company. A large stock interest is owned in the Frost and Wood Company. This last organization will, it is expected, soon revamp its capital structure.

Other Good Profits

While in 1929 Cockshutt will undoubtedly do well on its sales of implements, it has recently added another source of large profits in a contract with the Allis-Chalmers Manufacturing Company in the U. S. Cockshutt Plow now has the exclusive right to the sales of that company's tractors in Canada. The sale of tractors, it is said, will run to between $2,000,000 and $3,000,000 annually, and this department of the company's activities is expected to produce net profits perhaps equal to $1 a share on the common stock. These activities will, of course, add very little to the company's selling costs.

Some months ago, the company was reported to have obtained an order for truck bodies amounting to some $1,000,000. With a 15 per cent. profit on this order, earnings from this source alone would amount to about 50 cents a share next year. Both General Motors and the Ford Motor Company are understood to be customers of Cockshutt Plow.

Assisting in Sales

In the United States, International Harvester and Allis-Chalmers are keen competitors in the tractor field. Hence, the U. S. company is apt to do all within its power to increase the sales in Canada of Allis-Chalmers' tractors through the Cockshutt Plow.

The outlook for the future of the company has recently been ably summarized in an analysis prepared by Jones, Heward & Company, members of the Montreal Stock Exhange. This analysis says in part:

"Cockshutt Plow has established connections in other countries, particularly in South America, Australia, and South Africa, and it is hoped that this export business may expand. Conditions in Canada have been favorable, although agricultural implements to the value of nearly $30,000,000 were imported last year from the United States. Plows alone accounted for over $1,000,000 of this amount. In the first half of 1928, United States exports to this country in farm implements showed a 73 per cent. increase over the same period of 1927. Canada absorbs 40 per cent. of the entire exports of the United States industry."

Is Smaller Company

"The Cockshutt Plow Company is considerably smaller than its Canadian competitor, Massey-Harris, and — especially in the agricultural implement industry — large scale production counts for a great deal in reducing costs and gaining markets. The competition of such companies as International Harvester cannot be eliminated in Canada by tariff restrictions, owing to the growing political strength of the West. Canadian companies are up against United States competition not only at home, but in foreign countries. Some of these countries grant preferential tariffs to Canada.

"During 1928, Cockshutt Plow is reported to have made promising progress, and the management has expressed great optimism regarding its ability to obtain its share of the steadily increasing business in farm implements and machinery."

KING EDWARD HOTEL GIVES HIGHEST YIELD OF COMMON STOCK

(Continued from page 1)

with the growing commercial and industrial importance of the Ontario metropolis, there will be such continued growth in the number of visitors that the Royal York will not be able to accommodate all who care to use it. In the summer months, it is believed that there will be ample business for all because of the growth in the tourist traffic, especially before, during and immediately after the exhibition.

The final argument of those who believe in the future of the King Edward is the fact that in Montreal, the building of the Mount Royal and the Ritz-Carlton has not interfered with the operation of the Windsor as a first-class hostelry. The rates are about the same in the Mount Royal, the newest of the group as in the Windsor, but the Windsor, under its present management, appears to be doing as large a volume of business as its competitor.

The King Edward at the present time, however, appears to be earning a somewhat larger amount annually than is the Mount Royal, and if the King Edward after next June is to be in the same position as the Mount Royal a drop in earnings may be occasioned. The earnings per room available for the common stock are nearly the same in the two cases. But the King Edward has higher fixed charges than has the Mount Royal and if both hostelries were on the same basis, it would appear that the earnings per room available for the common stock will be proportionately lower for the King Edward than for the Mount Royal.

The following table which compares the two hotel companies shows that the King Edward stock at present is relatively lower priced than is that of the Mount Royal.

King Edward		Windsor
$6,800,000	Funded debt & pfd. etc.	$5,750,000
$509,500	Annual charges thereon	$368,249
20,000 n.p.v	Common shares	50,000 n.p.v
$6	Dividends	none
860 rooms	Size	700 rooms
56	Recent price Com.	30¼
$12*	Earnings per share	$3.80†
4⅔	Price times earnings	8

*1927. †Estimate for 1928.

INTER. UTILITIES EARNINGS LARGER; OUTLOOK IS GOOD

(Continued from page 1)

solidated income statement for the twelve months ending October 31 last. The statement includes the International Utilities Corporation and subsidiary operating companies; inter-company items are eliminated. Following the income account, there is the corporation's present capitalization:

Twelve months ending October:	1928	1927
Gross earnings including other income	$6,021,212.69	$5,206,001.41
Operating expense, including depletion, amortization, depreciation, maintenance and taxes, including federal taxes and earnings applicable to minority interests in common stock of subsidiary companies	3,716,506.88	3,188,175.06
Net earnings	2,304,705.81	2,017,826.35
Deductions:		
Funded debt, interest and discount exp.	697,594.08	697,428.76
Other interest	86,670.82	72,069.04
Dividends paid or accrued on preferred stocks of subsidiary companies owned by the public	387,090.52	277,992.26
Total deductions	1,171,355.43	1,047,490.06
Combined Net Earnings from operations on the basis of stock ownership, October 31, 1928 (Note)	$1,133,350.39	$ 970,336.29

This statement does not give effect to surplus adjustments, which, for the 12 months ended October 31 ,1928 (subject to final audit) were as follows: Credit—Profit on sales of securities other than those of subsidiary companies (net of taxes) $706,657:57; Miscellaneous, $15,180.26. Debit—Loss on stocks of Buffalo & Erie Railway Co. (less tax adjustment): $907,080.12—written off.

CAPITALIZATION—As at December 1, 1928

	Authorized	Outstanding
$7 Prior preferred stock—no par value	100,000 shs.	38,184 shs.
Class "A" stock—preferential dividend $3.50 per share	500,000 shs.	188,775 shs.
Class "B" stock	†1,000,000 shs.	666,118 shs.

† 333,882 shares reserved against outstanding subscription rights.

GOODYEAR IN REGINA

C. H. Carlisle, president of Goodyear Tire & Rubber Co. of Canada, is quoted as saying in Regina that his company would establish a factory there when the Western demand was equal to 3,000 tires daily. Goodyear's Regina warehouse is being enlarged.

Brockville Loan Company Will Seek to Change Name

From Our Own Correspondent

MONTREAL.—The Brockville Loan and Savings Company will make application at the next session of the Ontario Legislature, to change its name to the Brockville Trust and Savings Company. This change is made to authorize the company to carry on the business of a trust company, and to increase the total authorized capital stock from $500,000 to $1,000,000. The new capital structure will consist of 20,000 shares of a par value of $50 each.

U. S. contracts let since the first of the year are valued at $3,546,986,000 by the Engineering News Record, compared with $3,107,941,000 in same period last year. Increase of slightly more than 60 per cent went into big buildings.

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Colored Map of Canadian Trade Pacts

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CHAPTER IN BOOK

Chapter on Canada's Foreign Trade in Yearbook of Business Has Exclusive Features

Canada has trade treaties with many different countries scattered all over the face of the world. These treaties have been an important factor in developing our foreign trade and also in developing Canadian industry. The existence of certain treaties has given the impetus to the development of American branch plants in Canada.

There is scarcely a business man who once or twice in the course of a year, does not wonder where he can lay his hands, immediately, upon the details of one or other of these treaties or where he can get the broad general picture of these treaties at a glance.

World Map of Treaties

An outline of Canada's trade treaties is one of the scores of excellent features in The Financial Post Yearbook of Canadian Business which is coming off the press in a week or so.

This year the editors of the Yearbook have added a feature that is certain to attract a great deal of attention among business men. It is a large map, spread across two pages, that shows at a glance the countries which with Canada has trade treaties. Moreover, the map is printed in two colors which makes it possible to show the special treaties in one color and the preferential arrangements in another color.

It is a very expensive thing to prepare a map of this character. The records of the department of trade and commerce at Ottawa had to be searched to find the information, a skilled artist must draw the map in accordance with carefully prepared instructions and a rather costly two-color engraving must be made for the printers.

Many Features on Trade

Yet this record of trade treaties and this map are only a tiny part of the service the Yearbook attempts to give to business men. Consider, for instance, some of the other features on trade that appear in the Yearbook.

There are of course figures on export and import trade.

Then there is a separate survey of Canada's trade with each of the other countries in the world. This survey reviews the position of business in each of these countries, gives a list of principal exports from each one with the amount of the importations of each commodity and a similar list of our principal exports to each country.

This information cannot be found in any other printed publication, any more than can the world map of trade treaties be found in any other printed publication.

Fits in Your Desk

Multiply the service represented by this chapter in the book by twenty or thirty, in order to encompass the many other fields of business, finance, agriculture, insurance, etc., covered by the Yearbook of Canadian Business and you get some idea of how valuable this book will be to you during 1929 if you place your order for it now and keep it, when it arrives on the top of your desk or in the centre drawer of your desk every day for the next twelve months.

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Suggestions for the Beginner in Investment Whose Capital is Limited

By J. G. JOHNSTON

Suggestion No. 3 — Steel Company of Canada

Shares of Steel Company of Canada come within the range of this series of suggestions for the small investor. The preferred and common stock has been selling above $200 per share, at which price it could not be of the wide investment interest of stocks selling in the lower price ranges. But the directors of the company recently proposed splitting the shares into four times the number and this proposal has been ratified by the shareholders. The new stock, therefore, is now being traded between $54 and $58 per share.

At $54 per share, five shares can be purchased for $270. The broker's commission would be 30 cents the share, or $1.50 for the transaction.

Preferred is Participating

Preferred stock of Steel Company of Canada will appreciate in market value along wth the common stock for the reason that, as the common receives the equivalent of 7 per cent. on the stock of $100 par value, future disbursements will be made equally between both classes of stock. The common stock has been on a 7 per cent. basis for some years, so it follows that the preferred, from a speculative point of view, is virtually as attractive as the common. The split in the shares has not disturbed the participating right of the preferred.

At the present rate of $1.75 on the new stock of no-par value, or 7 per cent. on the old stock, the yield is only a trifle more than 3 per cent.

It is assumed, however, that when the director proposed the split they had in mind an increase in the dividend at least to $2 on the new stock, on which basis the yield will be better than 3½ per cent.

It is not unreasonably discounting the future for such a sound stock as Steel of Canada to sell on a 3 or 3½ per cent. basis.

From Pig Iron to Carpet Tacks

Steel Co. of Canada is one of the most important, if not the most important, of Canadian industrial companies. Its balance sheet places conservative valuations on its assets and even the most casual observer must be struck with the amount of reserves which have been set up for replacements, contingencies, etc.

Steel Company of Canada is a primary producer of pig iron and steel at its Hamilton plant. Ore is obtained from Minnesota and coal from Ohio under favorable conditions. On completion of the new Welland canal, the company will bring its ore all the way from Lake Superior to Hamilton by water instead of trans-shipping to the railway at Point Edward, on Lake St. Clair. It is possible that coal will be brought by water from Ohio lake ports, also.

Steel Co. of Canada sells a certain amount of pig iron and steel for re-rolling, but the bulk of the production of its furnaces are consumed in its own plants, which are located at Hamilton, Montreal, Toronto and other places near the centres of the principal consuming areas in Canada.

A high official of Steel Co. of Canada once told The Financial Post that, in his opinion, the success of Steel Co., of Canada in times when other steel producers in this country were in difficulties was due to the fact that Steel Co. of Canada is a producer of every variety of product from pig iron to carpet tacks. Within the steel industry itself, there is a diversification of product, and therefore a diversification of market which the investor looking for a stable investment should not overlook.

Company Well-Managed

Steel Co. of Canada is well managed. That is obvious from the fact that the company has shown profits year after year despite depression in Canada, despite tariff conditions which encouraged steel imports and despite an actual growth of steel imports of one kind or another from time to time.

Mortgage indebtedness of the company is insignificant compared to the value of the physical properties of the company. Against $32,000,000 which represents the cost of works, the bonds outstanding at the close of the last fiscal year totalled only $5,633,709. The depreciation account stood at $8,582,157. Other reserves run into the millions. Replacement value would be much greater than $32,000,000.

The par value of the old preferred stock was only $6,496,300. There were 115,000 shares of common outstanding of $100 par value so that the total par value of all the stock was $17,996,300.

Several millions of dollars are being spent on improvements and additions to the main Hamilton plant and it is understood that in a number of the subsidiary factories considerable sums are being spent to maintain production most efficiently. No new outside capital is being raised to pay for these improvements; all is coming out of reserves accumulated in past years. This means that earnings from the new equipment will accrue directly to the benefit of shareholders. If the company had not built up reserves in past years, it now would be faced with the necessity of raising new capital to meet these necessary expenses.

It does not matter materially whether the investor owns the preferred or common shares of this company. If the company ran into an extended period of depression which would compel it to lower the dividend rate on the common stock (new shares) to less than $1.75 per year, the preferred dividend of that amount might be continued. But no such period of depression appears in the offing. There may be a slight speculative advantage in favor of the common since, in the improbable event of the sale of the company, the assets accruing to the common shares would be greater than the assets accruing to the preferred. But the present interests controlling the company have allowed it to be known that they will not sell and there is no reason to anticipate a reversal of policy. For these reasons, there is little to choose between the two classes of stock.

Steel Company of Canada is one of the most promising investments for the person who does not need an immediate income of 6 per cent. or better. Looking ahead five, ten or twenty years it is reasonable to expect that these shares will have appreciated materially in market value and that there will be a gradual increase in income from the original investment as the directors gradually increase the dividend payments.

Previous suggestions in this series were City Dairy and Shawinigan Water and Power.

SHAUGHNESSY HOPES FOR ALCOHOL ACTION

Is Optimistic at Annual Meeting of Company — Capacity Larger

From Our Own Correspondent

MONTREAL.—The directors of Canadian Industrial Alcohol Company declared the regular quarterly dividend of 38 cents per share, payable January 15, 1929, to shareholders of record December 31, 1928. A bonus of 25 cents per share was also declared.

Lord Shaughnessy, president of the company, in addressing the shareholders at the annual meeting, said in part:

"It is a matter of gratification to see that the profits this year have reached the sum of $3,136,680.14 in comparison with last year's profits of $2,413,996.05, an increase of approximately $723,000, equivalent to between 30 and 40 per cent. This splendid result has been brought about primarily, of course, by an increased demand for your company's products which are steadily growing in popularity, and, of course, the inclusion of the province of Ontario and New Brunswick as customers has very greatly increased the sales, more particularly in Ontario where the demand has greatly exceeded all expectations and appears to be constantly growing.

"The plant account has increased by about $600,000 due to the fact that we have constructed during the past year two large storage warehouses of a capacity of 30,000 and 35,000 barrels respectively, and have another one in process of construction of a capacity of 45,000 barrels and that during the year we have made alterations to plants which has resulted in the increase of manufacturing capacity of about 25 per cent. The stocks in hand, which I might point out has been shown on the balance sheet at the cost of manufacture, have increased considerably and when the warehouse now under construction is completed and filled we will have in storage matured and maturing spirits to the extent of about 9,000,000 gallons."

In replying to a question from a shareholder, Lord Shaughnessy said that he hoped that the management would see their way clear to do something further for shareholders some time during the next six months.

ORIGINAL SHARE OF OGILVIE FLOUR IS WORTH $3,000

Dividend Increase Places Old Stock on $69 Annual Basis

POSITION IS STRONG

Recent Appreciation in Shares Of Consolidated Smelters Follows Rise in Holdings

From Our Own Correspondent

MONTREAL. — With the announcement of an increase in the quarterly dividend rate from $1.25 to $2 a share on its common stock, Ogilvie Flour Mills is now in the position of disbursing $69 annually to the holders of one share of the old common stock, which was split three for one in 1924.

On the new basis of $8 a share annually, the holders of an old share now has three new shares, on which he will receive $24. The annual bonus of $15 is likewise tripled, making the enviable total of $69. With the present stock selling at approximately $500, the equivalent value of an old share is $1,500. Taking into consideration the 100 per cent. stock bonus in 1908, an original share of the common stock has now a market value of $3,000.

With the announcement of this increase in dividends the company's shares moved up to a high mark for all time, with $490 bid and $499 asked.

Company's Strong Position

In the milling industry, the Ogilvie Flour Mills Company stands in a class by itself. Its balance sheet position is well nigh impregnable, and there is hardly a stronger company in Canada. Ogilvie is not only a milling organization, but derives a large proportion of its earnings from its investments. Large profits also accrue from its operations in milling coarse grains, elevator services, and from the Tree Line Steamships. The Tree Line is a wholly owned subsidiary. With the announcement of the formation of Consolidated Bakeries, Ogilvies has now assumed an important position in the baking industry.

The dividend record of the company is remarkable. From the time payments were initiated on the common stock in 1904, disbursements have shown a steady increase. In that year dividend payments totalled $7 a share. In 1908 a stock dividend of 100 per cent. was distributed, in addition to the regular dividend. In 1910 the divdend rate was increased from 8 per cent. to 10 per cent. in 1917 and 12 per cent. in 1918. This rate was in force up to the time of the split-up at the end of 1924, when the stock was put on a $5 basis, equivalent to 15 per cent. on the old shares.

As a large part of Ogilvie's profits accrue from its investments, which were shown at $9,220,000 at August 31, 1928, Ogilvie Flour Mills is understood to have about 8,000 shares of Consolidated Smelters, and a profit of approximately $3,000,000 is indicated in its holdings.

A review of the company's disbursements to shareholders, since dividends were inaugurated on the common stock, is given below:

1904-1907	$7
1908	$7*
1909	$7
1910-1915	$8
1916	$8+$4
1917	$10+$15
1918	$12+$15
1919	$12+$15
1920	$12+$10
1921	$12
1922	$12+$10
1923	$12+$10
1924	$12+$13
1925	$3.75+$3†
1926	$5+$5
1927	$5+$10
1928	$5+$15

*Plus 100 per cent. stock bonus.
† New shares.

MARITIME PROVINCES FINANCE NEW BUREAU

Trade Agency to Create Interest in Central Canada

To promote the interests of the Maritime provinces in central Canada the sum of $15,000 a year has been pledged for a period of three years to finance a Maritime Provinces Trade and Tourist Agency which will have headquarters in Toronto and which will work in conjunction with the Maritimes Associations in Ontario centres as well as the various publicity bureaus of the maritime provinces.

The formation of the new agency followed plans promulgated by the Maritime Provinces Association of Toronto, prominent members of the executive of which recently addressed a large gathering of citizens of the eastern provinces in Halifax, N. S. The object of the proposed organization will be to promote trade between central Canada and the Atlantic seaboard and increase the tourist traffic to the east. It is also expected that a closer relationship will be developed between the two sections of the country.

Many prominent citizens of Toronto are listed among those who answer the "call of the Bluenose Blood" some of whom are: Lieutenant-Governor Ross, Sir Robert Falconer, president of the University of Toronto, the Most Rev. Bishop Neil McNeil, the Archbishop of the diocese of Toronto, Chancellor Whidden, of McMaster University, S. H. Logan, general manager of the Canadian Bank of Commerce, J. A. McLeod, general manager of the Bank of Nova Scotia.

The Toronto Maritime Association, which had some 800 members during the past year, is strongly behind the project and has already entertained delegations from the East. It is pointed out that British Columbia has had a trade commissioner in Ontario and that the results are such as to warrant the appointment of another in the same province. Among the activities planned for the new agency is a trip for Ontario business men through the maritimes. A number of maritime associations will also be formed in various Ontario cities.

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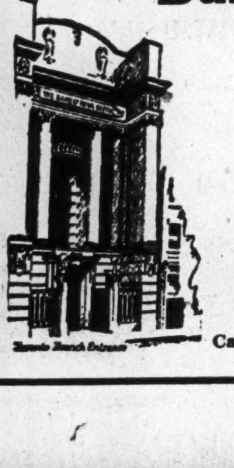

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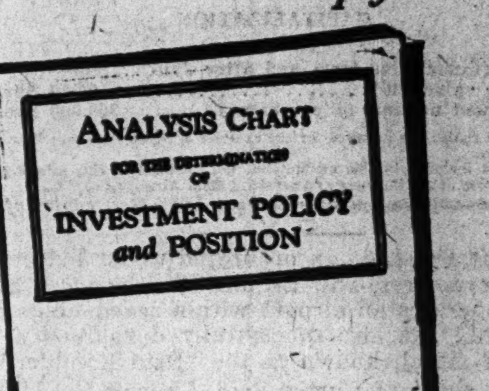
Make a New Year's Check-up of Your Bond Holdings
This chart will help you



When unfolded, this chart provides a form for entering a sizable list of bonds and other kinds of investments, classifying them as necessary for analysis. Besides disclosing the structure of the whole investment account, and the adaptability of individual items to one's purposes, it is useful also as a ready reference sheet.

This chart will be sent upon request, without obligation. Write for chart FP-21

THE first of a year calls for inventory and a comprehensive statement of financial condition, in a well managed business. There is the same need for a periodic survey of one's investments.

We have devised a chart for this purpose to enable investors to make their own general analysis. It is condensed from the method we use for analyzing bond holdings for banks, institutions and large individual investors. Simple instructions make it easy to apply.

This chart will not only show how well your holdings are diversified as to type and locality, but also the distribution of maturities and of income due dates. It will readily show where your investment holdings are out of adjustment to your purposes. It will help you follow a guiding policy in the making of new bond purchases.

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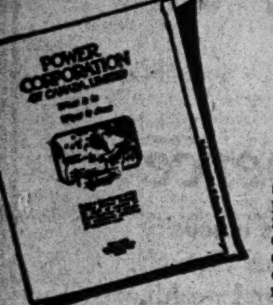
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Kaslo at Parting of Ways; Must Decide Power Supply

From Our Own Correspondent

NELSON, B. C.—Kaslo's possession of a charter permitting it to distribute electric power for a radius of thirty miles from the city has been a fact much-debated since the recent announcement of the West Kootenay Power and Light Company that a transmission line would be built from its plant on Kootenay river to serve the Slocan, and go through to Kaslo if sufficient loads should offer from the latter section.

Kaslo is at the parting of the ways, with either a new power plant on Kaslo creek, or commercial power from outside source, either from the city of Nelson plant or service from the West Kootenay Company, a necessity of the early future. The majority Kaslo opinion seems to be that a deal with the company would be in the interests of the city exchequer, besides contributing to getting the company's transmission line from Sandon to Kaslo through a territory that constitutes Kaslo's hinterland and that has such mines as Rambler, Lucky Jim, Whitewater, Wellington, Cork-Province, and the potential Utica. A suggestion advanced in some quarters that the charter could be capitalized to get concessions from the company is not widely listened to.

Mining opinion seems to be that Slocan mines generally will seize the opportunity to get commercial power even though some of them have recently been equipped with expensive hydro-electric powers of their own.

Policies of the Schulte-United 5c. to $1 stores, according to A. N. McFayden, vice-president and general manager, will be to fill the gap between the present type of chain store and the department store in a coast-to-coast chain of 1,000 units of which 18 will be in operation by January 1, and for which 177 sites are now leased.

German unemployment in second half of November totalled 1,030,000, increase of 400,000 over same period in 1927, due to suspension of activity in building and other seasonal industries.

Public Utility Investments

Brazilian Traction Buys New Company

Dividend Rate Will Go Up More Rapidly After Next Year, It Is Said; Acquisition Is Part of Programme

Cable messages from London say that Brazilian Traction has taken over the Santos Development Co. This is in line with the news printed exclusively in The Financial Post a week ago to the effect that Brazilian would further expand the activities of its subsidiaries in communities in the vicinity of Sao Paulo and of Rio de Janeiro.

Santos Development Co. controls utilities of the city of Santos which is the chief shipping centre for the State of Sao Paulo, which is the leading industrial state of the South American Republic. Important developments have already taken place in the industrial situation in Santos and further extensive plans are under way. At the peak period of coffee shipping the port has been congested to a point which means that harbor improvements must be made to adequately take care of the shipping which the increasing commerce of the country will involve.

It is thought that Brazilian directors shortly will announce an increase in the dividend rate from $1.75 to $2 and it is believed that the rate in 1930 will be increased to $2.50.

West Kootenay Power Output Up 10 Per Cent.

From Our Own Correspondent

MONTREAL.—West Kootenay Power and Light Company, subsidiary of Consolidated Smelters, has produced about 10 per cent. more power this year than in the corresponding period in 1927. This is largely due to heavier demands for power from the parent company. The number 3 plant at South Slocum is nearly ready to begin operating. This plant will add about 60,000 h.p. to the present output, increasing total production to 160,000 h.p. It is expected that power from this plant will be available next fall. A distributing system will be constructed at a cost of $45,000.

Progress is being made at the $4,000,000 hydro-electric development on the Canadian side of the Pend Oreille river, south of Trail. Application to the British Columbia government for license to permit diversion of 6,000 cubic feet of water a second, has not been granted yet. The company, nevertheless, is going ahead with the project, which will probably be completed in two years. The development will result in production of an additional 80,000 h.p. The company will ask the British Columbia legislature to legalize sale of its power outside a limited area around Rossland.

Gatineau Power Starts Building New Reservoir

From Our Own Correspondent

MONTREAL.—The Gatineau Power Company has commenced construction work on another storage dam on the Gatineau river. It is expected that the work will be completed ready for operation next summer.

The new dam will store the waters of Lake Cabonga and with the present Mercier storage dam will form two reservoirs ranking with the largest water storage system in the world. The combined capacity of the two dams will surpass by 65 per cent. the storage capacity of the Assouan dam on the Nile.

The new dam is to be located 46 miles above the Mercier dam and will permit a much better regulation of the flow of the Gatineau river, thus allowing for a more economic operation of the company's three hydro-electric plants on the river. The Gatineau Power Company now has installed or in process of installation 436,000 h.p.

Montreal Tramways Issues Valuable Rights

From Our Own Correspondent

MONTREAL.—It has been announced that Montreal Tramways will issue 10,000 additional shares of capital stock of $100 par value. These shares will be offered to shareholders at $150 a share, in the proportion of one for every six shares held. With the present market for Montreal Tramways in the region of 195, these rights are worth approximately $7.50 a share. Issuance of this new stock will bring the total amount of capital stock outstanding to $7,000,000. The authorized capital is $20,000,000.

Montreal Tramways is the largest traction company in Canada. Its position has grown increasingly strong due, in part, to its associations with Montreal Light, Heat and Power, and Shawinigan. Montreal Tramways was incorporated in 1911 to acquire the properties of local street railway companies in Montreal and suburbs. Its contract with the city of Montreal runs to 1953, when the company may be purchased by the city. On the other hand the contract may be renewed for five year periods. The company operates approximately 275 miles of track and carries 300,000,000 passengers a year. Total assets shown in the last balance sheet were $54,221,745. The forthcoming issue of stock will net the company $1,500,000. This is the third issue of $1,000,000 of stock in the past two years. The proceeds of the issue will be used for corporate purposes.

MONTREAL THINKS ODDS IN FAVOR OF BEAUHARNOIS

Political Considerations Now Are Governing Factors

From Our Own Correspondent

MONTREAL. — The Beauharnois Power Company project is now completely in the realm of politics. The technical features of the project have been thoroughly covered both before the government of Quebec and the Federal Government. The opposing interests have all made their objections. The industrial aspect has been thrashed out. And the legal aspect has been dealt with.

Whether or not the Beauharnois Power Company will be successful in its application for the right to develop the St. Lawrence river seems to rest now only on the political merits or demerits of its case.

Quebec and Ontario Favor

Unquestionably, the unanimous support given the project by the Quebec cabinet is a portent favorable to the company. As for Ontario, Premier Ferguson has stated publicly that the Hydro is relying on Beauharnois as a source of power after 1931.

While Ontario is predominantly Conservative, yet the Liberal Government in Ottawa is certainly not going to overlook a province from which come three members of the Cabinet and 25 Liberal members. In all, Ontario has 85 seats in Ottawa. Of the 25 liberal members, 12 come from Western Ontario where the Ontario Hydro is strongest.

The portents unfavorable to the Beauharnois project are the opposition of the strong power interests in Quebec, namely, Montreal Power and Shawinigan, and the opposition from some of the shipping companies which claim that in its proposed development of the St. Lawrence, the Beauharnois Company places first in importance, power instead of navigation.

If Government Turns It Down

The Canada Steamship Lines claims that the canal to be built by the Beauharnois company would not serve shipping as well as the plan recommended by the joint board of engineers of the waterways.

In any attempt to assess whether or not the strong group backing the Beauharnois project will be successful in their application now before the Federal Government, perhaps a better conclusion to such surmises can be reached by speculating on the political results should the King Cabinet turn down the Beauharnois application.

If the application be turned down by the present liberal government, Mr. Taschereau, liberal premier of Quebec, would be left in the air—and there are sixty-one liberals occupying seats in Ottawa to-day. Mr. Taschereau has openly supported the Beauharnois project and he is the biggest figure politically in the province of Quebec.

Embarrass Hydro

Then, the Hydro Electric Commission of Ontario, which plays such a prominent part politically in that province, might become embarrassed for power as arrangements for the sale of power from Beauharnois to the Hydro have already been made.

Finally, there is a strong group of leading supporters of both parties who are largely interested financially in the Beauharnois project. This group, would also be embarrassed by the refusal of the government to grant the Beauharnois project the rights for which it is asking.

While the foregoing would seem to indicate that the Beauharnois Power Company will obtain the rights for which it is asking, there is a feeling in Montreal, particularly amongst ordinary folk, that the interests opposing the project are so strong politically and financially that the rights will not be granted.

Offsetting the last, if the Liberal Government in Ottawa does not make some gesture at least toward simplifying or expediting the waterways project, there is the almost certain possibility that the Conservative party may use the waterways as a lever to get back into power.

In informed Liberal circles in Montreal, there is a feeling that the Beauharnois company will undoubtedly obtain action shortly—but financial and industrial strength of the opposition is such that any forecasts of the results which the company will achieve before the Cabinet are purely guesswork. It is likely, though, that the Cabinet will reach a decision, one way or another, in the immediate future, especially as some very strong Liberal henchmen are understood to be close to the Beauharnois group. In the meantime, the Cabinet has been carefully considering and studying the application of the company.

Laurentide Power Sale to Shawinigan Approved

From Our Own Correspondent

MONTREAL.—The offer of the Shawinigan Water & Power Company to purchase the entire assets of the Laurentide Power Company, has been formally accepted by the shareholders of Laurentide Power. Shareholders have two offers open to them. One provides for a cash payment of $227.22 a share, and the other for $151.67½ a share in cash plus one and one-tenth shares of Shawinigan. December 28 is the last day on which shareholders may deposit their certificates for exchange on whichever basis they choose.

The deal is important to Shawinigan because it gives it the virtual power control of the entire river St. Maurice, owing to rights recently secured on the upper part of the river. The Laurentide plant is capable, moreover, of a little expansion in developed power.

Quebec Telephone & Power Will Make Stock Offering

From Our Own Correspondent

MONTREAL.—The Quebec Telephone and Power Corporation will do some financing shortly. The company is one of the largest independent telephone systems in Canada. It controls several companies operating in well populated communities throughout the eastern portion of the province of Quebec. The corporation, through its subsidiaries, operates over 2,600 miles of line. Lines are connected with those of the Bell Telephone Company, New Brunswick Telephone Company, and other independent companies. The forthcoming offering will, it is understood, take the form of an issue of two classes of no par value stock, which will be sold in units.

Elected to Standard

E. Harvey Marvin has ben elected a member of the Standard Stock and Mining Exchange and will be actively engaged on the floor of the exchange. Mr. Marvin is associated with the brokerage firm of Fleming & Marvin.

Public Utility Earnings

B. C. Electric

October—	1927 $	1928 $	Increase $
Gross earnings	1,093,850	1,138,520	44,670
Exp. mainten. etc.	775,918	787,067	11,149
Net income ...	317,932	351,453	33,521
Aggre. gross †	4,246,496	4,457,441	210,945
Aggre. net † ..	1,168,847	1,304,818	135,971

† From July 1, to October 31, 1928.

Winnipeg Electric

October—	1927 $	1928 $	Increase $
Gross earnings	501,160	527,790	26,630
Expenses	302,904	334,863	31,959
Net earnings ..	198,256	192,927	*5,329
Aggre. gross †	4,857,608	5,047,413	189,805
Aggre net † ..	1,739,712	1,638,194	*101,518

† From Jan. 1, to October 31.
* Decrease.

Southern Canada Power Co.

	Nov. 1928	Nov. 1927
Gross earnings	$176,876	$145,362
Oper. expenses	56,805	47,047
Net earnings	$120,071	$ 98,315
	2 months 1928	1927
Gros earnings	$349,047	$283,021
Oper expenses	115,230	95,286
Net earnings	$233,817	$187,735

Can. Western Natural Gas

	1927 $	1928 $	Increase $
January	199,753	263,065	63,312
February	193,421	197,750	4,329
March	168,005	196,107	28,102
April	141,436	173,613	32,177
May	102,615	99,446	*3,169
June	71,993	66,761	*5,232
July	49,290	57,759	8,469
August	43,755	50,757	7,002
September ...	60,847	69,514	8,667
October	91,167	104,439	13,272
Aggre. earn. from 1st Jan. to 31st Oct.	1,122,282	1,279,211	156,929

* Decrease.

FOUNDATIONS

—on which to build your life-time savings may be constructed with the advice of experienced investors.

Investment problems submitted to us will receive our careful consideration.

Our services are at your disposal and we invite your inquiries.

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INVESTMENT BROKERS
(Specializing in Mining Securities)
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(Jacobs Building)
MONTREAL
Telephone HArbour 8218*
Board Room Facilities.

Subscriptions having been received from investment dealers in excess of the amount of the offering, this advertisement appears as a matter of record.

New Issue

42,500 Preferred Shares
(Par Value $30)

Curtiss-Reid Aircraft Co. Ltd.

With Stock Purchase Warrants

Preferred as to dividends at the rate of $2 per share per annum, cumulative from and after January 1, 1932. Redeemable in whole or in part at any time upon 30 days' written notice at $32 per share plus accrued and unpaid dividends. Preferred as to assets to the extent of $30 per share plus accrued and unpaid dividends in the event of involuntary dissolution, and to the extent of $32 per share plus accrued and unpaid dividends in the event of voluntary dissolution. Non-voting except in certain instances as provided in Letters Patent of the Company.

Transfer Agents
Empire Trust Company, New York
Montreal Trust Company, Montreal

Registrars
Bank of the Manhattan Company, New York
Quebec Savings & Trust Company, Montreal

CAPITALIZATION
(Upon completion of Present Financing)

	Authorized	Presently to be Outstanding
$2 Preferred Shares (Cumulative from and after January 1, 1932) (par value $30).....................	50,000 Shs.	50,000 Shs.†
Common Shares (without nominal or par value).......	300,000 Shs.‡	100,000 Shs.

‡The remaining 200,000 shares are reserved for the exercise of Stock Purchase Warrants (presently to be oustanding) at $16 per share.
†7,500 Preferred Shares included in this amount but not included in this offering are to be issued in connection with the acquisition of the business and assets of Reid Aircraft Co., Ltd.

Mr. W. T. Reid, President of the Company, summarizes in part his letter, copies of which may be had upon request, as follows:

BUSINESS: Curtiss-Reid Aircraft Co. Ltd., incorporated under Letters Patent of the Dominion of Canada, giving it broad charter powers, will acquire the business and assets of Reid Aircraft Co. Ltd., which now owns and operates an airport within seven miles of the center of the City of Montreal. Reid Aircraft Co. Ltd., has also successfully developed a light aeroplane with structural members made entirely of metal, known as the "Reid Rambler."

ASSETS: A pro forma balance sheet of Curtiss-Reid Aircraft Co. Ltd., as at November 30, 1928, after giving effect to this financing and matters incidental thereto, as certified by Messrs. Price, Waterhouse & Company, shows total net assets of $1,550,000, of which $1,273,720 is in cash, compared with total liabilities consisting solely of current accounts payable amounting to $21,774. Land and buildings are carried at $229,942. The land alone comprising the Company's airport has been appraised by Messrs. Ewing & Ewing, of Montreal, at $195,000 and by Messrs. Ernest Pitt & Company, of Montreal, at $206,400.

STOCK PURCHASE WARRANTS: Each Preferred Share shall carry with it Stock Purchase Warrants entitling the holder thereof to purchase two Common Shares of the Company on or before January 1, 1939, at $16 per share. These Warrants are not detachable prior to January 1, 1932, except in the event of their exercise or upon the call for redemption of the Preferred Shares to which they are attached. Funds received from the exercise of such Stock Purchase Warrants will be used for retirement of the Preferred Shares of the Company by redemption or purchase at not exceeding the redemption price.

CONTROL AND MANAGEMENT: Curtiss Aeroplane & Motor Company, Inc., will purchase for cash over 50% of the Common Shares of Curtiss-Reid Aircraft Co. Ltd., presently to be outstanding. Mr. J. A. B. Smith, Treasurer and Director of Curtiss Aeroplane & Motor Company, Inc., will become Chairman of the Board of Directors and Treasurer of the Company, and Mr. C. M. Keys, President of Curtiss Aeroplane & Motor Company, Inc., will also become a member of the Board. The active management will remain in the hands of Mr. W. T. Reid as President. The Board of Directors will include:—

Russell D. Bell,
Greenshields & Co., Montreal.

C. Barclay Drummond,
Vice-President, Mechanical Equipment Co., Montreal.

W. S. Lighthall,
Lighthall & Lighthall, Advocates, Montreal.

C. M. Keys,
President, Curtiss Aeroplane & Motor Co., Inc., New York.

J. A. D. McCurdy,
Capitalist, Toronto.

E. F. Peacock,
Peacock, Lewis & Co., Ltd., Montreal.

J. A. B. Smith,
Treasurer, Curtiss Aeroplane & Motor Co., Inc., New York.

W. T. Reid,
President of the Company, Montreal.

Roswell C. Tripp,
Potter & Company, New York.
Director, Curtiss Aeroplane & Motor Co., Inc., New York.

Legal details in connection with the issuance of these shares will be passed upon by Messrs. Cuthell, Hotchkiss & Mills, of New York, and by Messrs. Casgrain & McDougall, of Montreal. Accounts of the Company have been examined by Messrs. Gray & Campbell, Chartered Accountants, and by Messrs. Price, Waterhouse & Co., of Montreal.

We offer these shares when, as and if issued and accepted by us and subject to prior sale and the approval of counsel. It is expected that temporary certificates or interim receipts, exchangeable later for temporary or definitive certificates, will be ready for delivery on or about Janary 4, 1929.

Price $30 per share

Potter & Company
NEW YORK

Greenshields & Co.
MONTREAL

We do not guarantee the statements and figures presented herein, but they are taken from sources which we believe reliable.

A Practical Gift

What more practical Christmas gifts could you give than the sound conservative investment securities of Canadian basic industries?

The periodical receipt of the interest, and the possibility of increase in value will serve for years as a constant reminder of your wisdom and farsightedness.

We will be glad to suggest securities suitable for Christmas gifts.

Denominations, $100.00, $500.00 and $1,000.00.

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Winnipeg Saskatoon Victoria Vancouver

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MONTREAL TORONTO WINNIPEG VANCOUVER

Dominion Bridge Directors

MONTREAL.—At a meeting of the directors of the Dominion Bridge Co., C. B. McNaught, president of the British Empire Steel Corporation, and A. A. Hodgson, were elected directors.

Enrollment for 216 colleges and universities of United States and Canada for present year shows increase of two per cent. in full time students over last year, smallest annual increase since the war. On November 1 there were 650,951 students enrolled, of which 417,520 were full time.

New York City will have population of 30,000,000 in 1950, Winfred Watson, of Brown, Wheelock, Harris, Vought & Co. predicts.

New Issue

$260,000

Catholic School Commissioners City of St. Lambert

5% Bonds, due serially 1929 to 1943

Taxable Property (Catholic)............ $3,267,033
Taxable Property (Neutral)............. 2,211,208
Catholic Tax Rate......... .75 cents
Neutral Tax Rate........... $1.00

The Schools of the Catholic School Commission are under the direction of the Sisters of the Holy Names of Jesus and Mary and the Clercs Saint Viateur.

The City of St. Lambert has a population of 6,000, and is the largest municipality on the South shore, near Montreal. It is three miles by the Victoria bridge from the centre of Montreal and has a daily 15 minutes service of electrical trains of the Montreal & Southern Counties Ry. Among the larger industries located at St. Lambert are the L. E. Waterman Pen Co., Monarch Electric Co., etc.

This issue has been authorized by the Superintendent of Public Instruction and the Minister of Municipal Affairs of the Province of Quebec.

RICE: 100 and accrued interest.
Descriptive Circular on request.

VERSAILLES-VIDRICAIRE-BOULAIS (Limitée)
Investment Bankers

Versailles Building
MONTREAL

BANQUIERS EN OBLIGATIONS VVB MONTREAL

71 St. Peter Street
QUEBEC

Bruck Silk Mills, Limited

6½% First Mortgage Bonds, due 1945

Net assets equivalent to $2167 for each $1000 bond outstanding. Net earnings after depreciation, income tax, and all charges equal to 7.4 times bond interest requirements.

Price to yield 6.25%

Fully descriptive circular on request.

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We Deal in—

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C.N.R. 4½%..........1954
C.P.R. 5%............1934
C.P.R. 4½%..........1944
Canada Steamship 6% 1941
Bell Telephone 5%....1955
Canada Northern 5%..1953
Gatineau Power 5%...1956
Gatineau Power 6%...1941
Manitoba Power 5½%.1951
Montreal Power 5%...1951
Montreal Tramways 5% 1941
Montreal Tramways 5% 1955
Quebec Power 6%.....1953
Shawinigan W. & P. 4½%..........1967
United Securities 5½% 1952
Winnipeg Electric 6%..1954
Anticosti Corp. 6½%..1941
Anticosti Corp. 7% Preferred Shares
Canada Cement 5½%..1947
International Paper 6% 1955
Windsor Hotel 6%.....1947
Windsor Hotel 6½% Preferred Shares
Wayagamack 6%.......1951
Wayagamack 6½%....1930

At all times we are prepared to submit satisfactory bids for the purchase in odd lots, of Canadian Government, Municipal and high-grade Corporation Bonds.

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News of Investment Markets

BOLIVIAN BONDS MAKE GAINS AFTER MEDIATION OFFER

War Threat Discounted To Date in Bond Prices

Acceptance by both Paraguay and Bolivia of the offer of the Pan American Conference on Conciliation and Arbitration to unravel the present boundary dispute has had a settling effect on prices of Bolivian bonds held in the United States and Canada. Investment houses which are interested in flotation of Bolivian bonds and those of other South American countries are of the opinion that the present prices of the Bolivian bonds fully discounts the present crisis between the two countries. Imminent outbreak of hostilities would appear unlikely following Bolivia's acceptance of the mediation offer although all danger of further hostilities has not been removed.

Several issues of Bolivian bonds have been partly taken up by Canadian investors, but as far as can be ascertained no Paraguay issues have been ofered either in the United States or Canada. It is estimated that in the United States and Canada there is some $65,000,000 in bonds issued within the last 11 years. The market in these bonds is not particularly active. The two issues most active are the 7 per cent. external secured bonds maturing in 1958 of which there is $14,000,000 outstanding, and the 8 per cent. sinking fund bonds maturing in 1947 of which $26,700,000 is outstanding. Both of these issues are listed on the New York Stock Exchange. Another 7 per cent. issue is listed on the New York Curb.

As a result of the recent war clouds the Bolivian 7 per cent. bonds reached a new low for the year at slightly under 90. The range for this issue in 1927 was: high, 98; low, 93¾ and the range in 1928 to December 1 was: high, 98⅛; low, 93¼. Following the recent reaction prices have risen several points and the bonds have sold within the past few days at around 93. The Bolivian 8 per cent. sinking fund bonds had the following range in 1926, 1927 and up to December 1, 1928:

	1928	1927	1926
High ...	...108	105½	105
Low ...	...103⅛	102⅝	96½

This issue sold off some 3½ points recently to reach the previous low of the year but have recovered to some extent.

STOCK OFFER MADE BY CURTISS-REID

New Aero Company Offers Preferred Shares with Stock Warrants

From Our Own Correspondent

MONTREAL.—The Curtiss-Reid Aircraft Company, recently formed to acquire the Reid Aircraft Company of Montreal, is making its initial offering of stock. Control of the company will rest with the Curtiss Aeroplane and Motor Company, which is purchasing, for cash, over 50 per cent. of the common shares of the Curtiss-Reid Aircraft Company. The Reid Aircraft Company owns and operates an airport within 7 miles of Montreal. The company has also developed a light aeroplane with structural members made entirely of steel, known as the Reid Rambler. Shareholders of the Reid Aircraft Company have been offered shares in the Curtiss-Reid Aircraft Company on a share for share basis of exchange. There is also an alternative offer of $30 in cash. The details of the new issue are as follows:

42,500 Preferred Shares
(Par Value $30)
Curtiss-Reid Aircraft Co. Ltd.
With Stock Purchase Warrants

Capitalization:	Authorized Shares	Presently to be Outstanding Shares
$2 preferred shares (cumulative from Jan. 1, 1932)	50,000	*50,000
Common shares (n.p.v.) ..	†300,000	100,000

*7,500 preferred shares included in this amount but not included in this offering are to be issued in connection with the acquisition of the business and assets of Reid Aircraft Co., Ltd.

†The remaining 200,000 shares are reserved for the exercise of Stock Purchase Warrants (presently to be outstanding) at $16 per share.

Company: Formed to acquire the Reid Aircraft company, which owns and operates an airport at Cartierville, Que., and manufactures a light aeroplane known as the Reid Rambler.

Assets: Total net assets $1,550,000, of which $1,273,720 is cash.

Stock Purchase Warants: Each preferred share carries warrants entitling holder to purchase two common shares at $16 a share till January 1, 1939. Warrants are not detachable prior to January, 1932, except to be exercised, or on redemption of preferred.

Management: Will be in hands of W. T. Reid. Curtiss Aeroplane and Motor company will purchase 50 per cent. of the common shares to be presently outstanding. Six of the nine directors are Canadians.

Offered: December, 1928, in Montreal, by Greenshields & Company, at $30 a share.

Tenders and By-laws

Jan. 1.—Township of Bouchette, P.Q.—$15,750, five per cent. 30-year, serial bonds. P. Mathieu, sec.-treas.

This Week's Bond Sales

City of Windsor

Wood, Gundy & Co. were awarded an issue of $1,110,449 five per cent., 10 and 30-instalment bonds of the City of Windsor on a bid of 98.407, which is equal to a cost basis of 5.18 per cent. The bids were:

Wood, Gundy & Co.	98.407
McLeod, Young, Weir & Co.	98.08
Fry, Mills, Spence and Bell, Gouinlock	97.53
A. E. Ames & Co.	98.25

Bond Notices

BOND REDEMPTIONS

	Rate	Due	Redeem.	Price
St. Law. Paper Mills 10-yr. debs	6½%	1936	Jan. 2	102
Rolland Paper	6%	1937	Jan. 2	105
Lake Superior Paper	6%	1941	Mar. 1	105
Merchants Realty	6%	Ser.	Feb. 1	105
Span. Power	6%	1929	Mar. 1	102
Can. Conn. Cotton	5½%	15-yr.	Dec. 20	103
Quebec Power	6%	1953	Apr. 1	107½

ALBERTA WOOD ISSUE IS QUICKLY TAKEN UP

Company Showed Good Earnings First Nine Months, 1928

Complete subscription of the recent $450,000 offering of preference shares of the Alberta Wood Preserving Company, Ltd., is announced by O. C. Arnott Company, Calgary. The earnings of the company in the past have been satisfactory and during the first nine months of the current year amounted to $4.50 per share on the 12,132 common shares outstanding. Public confidence in the company is evidenced by the rapid absorption of the recent issue, details of which follow:

$450,000
Alberta Wood Preserving Company, Ltd.
7% cumulative, redeemable preference shares

Capitalization—	Authorized	Outstanding
7% cum. redeem. pref. stock	$450,000	$450,000
Com. stock, n.p.v ..	50,000 shs.	50,000 shs.

Directors have power to issue up to $400,000 par value of first mortgage bonds when necessary and when assets are in proportion of 2½% to 1% of par value of bonds offered.

Company—Engaged in preservation of timbers, ties, in Calgary, Alta.

Purpose—Reimburse company for improvements made to Calgary plant and cost of proposed plant in Vancouver.

Redemption—20% of net profits after preferred share dividends have been paid will be placed in sinking fund annually to allow redemption of preferred shares at 105.

Assets—Appraisal of fixed assets for insurance purposes was $560,306.

Earnings—For first nine months of current year amounted to $56,646 or $4.50 per share on 12,132 common shares outstanding.

Offered—By O. C. Arnott Company Ltd., Calgary, at $100 and accrued dividend with bonus of one-half share of common with each share of preferred.

OFFER UNITS IN NEW INVESTMENT TRUST

Barnett E. Laxer and Company, Toronto, are undertaking the financing of a new investment trust incorporated under the laws of the Dominion, and to be known as Upper Canada Investment Trust. Details of the issue follow:

$1,000,000
Upper Canada Investment Trust, Limited
(Upon completion of financing)

Capitalization—	Authorized	Outstanding
7% cum., redeem., pref. stock, par value $25	$1,000,000	$1,000,000
Class A com. stock n.p.v., shares	40,000	40,000
Class B com. stock n.p.v., shares	40,000	40,000

Preferred shares redeemable after two years at 60 days' notice at 103 per cent. of par value plus accrued dividends; non-voting.

Class A common shares entitled to noncumulative dividend of $1 per share before payment of dividends to class B common. Class B common having received $1 dividend per share the remaining profits will be divided equally between classes A and B common shares. In event of liquidation class A shares are entitled to divide 50 per cent. of capital assets remaining after preferred shareholders have been paid, the remainder to then be equally divided between classes A and B common shares.

Purpose—To acquire and sell investment securities.

Security—For each preferred share outstanding the company is required by Dominion charter to deposit $25 with the Sterling Trusts Corporation which can only be disbursed by this corporation in exchange for securities of equivalent value. A sum equal to two per cent. of the par value of outstanding preferred shares must be set aside as a special reserve each year to be available for redemption of or dividends on preferred shares.

Offered—By Barnett E. Laxer and Co., Toronto, at $40 per unit carrying rights on one share of preferred and one share common A.

Quebec Telephone Makes No Par Stock Offering

From Our Own Correspondent

MONTREAL.—An offering of the Quebec Telephone and Power Corporation is being made in Montreal this week. The issue consists of 44,000 class "A" and 44,000 class "B" shares, offered in units of 10 "A" and one "B" at $330. Proceeds of this issue will net the company approximately $1,452,000, and will be used in part to retire outstanding bonds. The company is an independent telephone company, and controls about 2,600 miles of lines in the province of Quebec. In addition, its lines are interconnected with those of the Bell Telephone, and the New Brunswick Telephone companies. Details of the issue are as follows:

44,000 Class "A" no par value
Common Stock
Quebec Telephone & Power Corporation

Capitalization—	Authorized	Issued
Class "A"—no par value	50,000	44,000
Class "B"—no par value	50,000	44,000

"A" shares entitled to dividends of $1.60 in 1929, $1.80 in 1930, $2 in 1931, before any payment made on "B". "A" and "B" share equally after payments of $2 a share have been made on each. Quarterly dividends of 40c commence on "A" shares April 1 next.

Company: Operates an independent telephone service in province of Quebec. Controls over 2,000 miles of lines, serving 350,000 inhabitants. Lines are connected with the Bell Telephone, New Brunswick Telephone, and other independent companies.

Earnings: Estimated net earnings available for dividends at December 31, 1929, are $94,000. Dividends at $1.60 a share on the A stock require $70,400 annually. 1928 net before depreciation was $91,914.

Offered: December, 1928, by H. B. Robinson & Company, in units of 10 shares class A, and one share class B, at $330. Application will eventually be made to list these shares on the Montreal Curb Market.

Unemployed in Europe decline 1,000,000 since year ago; now 3,500,000 with unemployment concentrated in England and Germany, according to survey of International Labor Bureau.

Exports of all grades of nickel from Canada in November amounted to 9,440,500 pounds, valued at $2,106,026, against 5,348,900 pounds, with a valuation of $1,300,864 in November, 1927.

About 12,000,000 radio sets, 7,500,000 of which are equipped with loudspeakers, are serving 40,000,000 persons in the United States, according to annual report of Federal Radio Commission.

INT. TELEPHONE SHAREHOLDERS OFFERED BONDS

Proceeds in Part to Finance Purchase on River Plate

International Telephone & Telegraph Co., into which was merged the Mackay Companies a year ago, will acquire the River Plate Telephone Co., an English company, by payment of £4 10/ and one-fifth share of International Telephone or £12 in cash.

To provide in part the estimated cash requirements of such purchase and for its general purposes, the corporation has authorized the issue of ten-year convertible 4½% gold debenture bonds, to be dated January 1, 1929, payable January 1, 1939, redeemable at the option of the corporation in amounts of not less than $10,000,000, at 102½% plus accrued interest on and after January 1, 1930; and to be convertible at the option of the holders at par into the common stock of this corporation at $200 per share from July 1, 1929, to July 1, 1932, inclusive, thereafter at $210 per share to July 1, 1935, inclusive, and thereafter at $220 per share to maturity, but not later in any such period than the date fixed for redemption.

The conversion prices are to be reduced pursuant to a computation formula to be set forth in the indenture providing for the bonds, following issues of common stock at prices less than such conversion prices, except that no such reduction is to be made on account of issues of common stock for the River Plate shares, for the bond conversions, or for purposes authorized prior to December 1, 1928, nor for new issues during 1929 not exceeding 10 per cent. of the total at the time of the now outstanding stock plus the stock issued for River Plate shares and for purposes authorized prior to December 1, 1928, nor for such issues in amounts which in the aggregate will not reduce the conversion price by more than $2 per $100 share.

These bonds are to be offered to the stockholders of the corporation for ratable subscription by them in the proportion of $100 of the bonds for each two and one-half shares of stock held by such stockholders of record on December 21, 1928. The remaining cash requirements of the plan are to be met in the first instance by short-term loans.

Your Investments

Low Priced Stocks

I am a single man with about $5,000 capital in a liquid state and should like your advice on stocks of merit selling around $50. I feel very friendly to oil stocks and hold B. A. Oil. I have also thought that there might be possibilities in Canadian Vickers.

International Petroleum, Building Products, Riverside Silk, J. S. Mitchell, Hayes Wheel are attractive speculative common stocks selling at or under $50. We believe that these stocks are sound and that the average result over a term of a year or longer would be quite satisfactory to the holders.

British American Oil has had an excellent record, and we believe that the investment will continue to be satisfactory. Canadian Vickers also is a promising stock, in our opinion.

Canadian Marconi

Please give me your opinion on the advisability of buying Canadian Marconi which has been recommended to me as a good, safe investment for a small investor.

You will have observed a story on page one of The Financial Post of November 30, dealing with Canadian Marconi. The stock, since the appearance of this article, has receded from $28 per share to about $7 per share. Even at $7 per share it is believed that the stock is overpriced, and in no circumstances could we consider it a safe commitment for the small investor.

Sound Stocks

Some time ago I purchased the following:

Chili Bonds paying 6 per cent.
Vickers preferred, 7 per cent.
Zimmerknit preferred, 7 per cent.
M. & P. Stores 7 per cent.
Great West Saddlery, preferred paying 6½ per cent.

I am considering selling these stocks and buying Imperial Oil, Montreal Power, City Dairy, Quebec Power, Brazilian and International Nickel. I believe that by so doing I would be further ahead in two or three years through appreciation than if I had held my present list. I would appreciate your opinion.

You have a fairly high average security in your holdings of bonds and preferred stocks and a fairly high average yield.

Apparently, however, you do not require immediate income from your investment, and assuming that Canada is to be prosperous in the next several years and that no worldwide catastrophe is to retard the economic rehabilitation of civilized countries, it would seem reasonable for investors not requiring yield to place a substantial proportion of their investment fund in sound common stocks. We know of no Canadian common stocks of greater inherent strength and stability than Imperial Oil, Montreal Power, City Dairy, Quebec Power, Brazilian Traction and International Nickel.

Undoubtedly there will be fluctuations in the market. One or more of these stocks may not do as well as might be anticipated. But the investor who keeps himself informed of conditions and who owns outright or on such substantial margin that he can carry his stocks through periods of reaction in the market, can look forward, we believe, to the future with considerable confidence.

WEEKLY RECORD OF FINANCING IN CANADA

SALES BY MUNICIPALITIES, PROVINCES AND DOMINION GOVERNMENTS

Place	Date Sold	Municipal —Sold To—	Rate	Maturity	Amount	Price	Cost Basis
Saskatchewan Schs, etc.	Nov.	Various	...	....	$75,000	....	...
Windsor, Ont.	Dec.	Wood, Gundy & Co.	5%	10 & 30-ins.	1,110,449	98.407	5.18
Grand'Mere, Que.	Dec.	A. E. Ames & Co.	5%	20-ser.	124,300	99.07	5.11
New Westminster	Dec.	Reed, Henderson, Ltd.	...	4-yr.	46,877	99.11	...
Kapuskasing	Dec.	Municipal Debentures Corp.	5¼%	20-ser.	108,000	100	5.25

OFFERINGS OF CORPORATIONS AND FOREIGN SECURITIES

Bond Issues—	Date Issued	Offered by	Rate	Due	Amount	Price	Yield
Consolidated Oka Sand & Gravel Co.	Dec.	James Richardson & Sons	6½%	1948	$700,000	100	6½%
Canada-West Indies Hotel	Dec.	H. B. Richey	7%	....	500,000	100	7%
		(With bonus of one share no par common	for each $500 par value 7% notes)				
Apartments Lafontaine	Dec.	Le Credit Municipal	6%	15-yr.	900,000	100	6%
Parkdale Apartment Homes	Dec.	Direct	7%	....	100,000	100	7%
Stock Issues—							
MacKinnon Steel Corp.	Dec.	Equitable Securities Corp.	7%	Pref.	$600,000	100	7%
		(With bonus of one-quarter share of n.p.v.	common stock with every share of pref.)				
Curtiss-Reid Aircraft Co.	Dec.	Potter & Co., and Greenshields & Co.	...	Pref.	42,500 shs.	$30	...
Upper Canada Investment Trust	Dec.	Barnett E. Lascer & Co.	...	....	$1,000,000	...	....
		($40 per unit carrying hights on	7%	Pref.	$450,000	100	7%
Alberta Wood Preserving Co.	Dec.	O. C. Arnott Co.	one share of pref and one share of com. "A")				
		(With bonus of one	half share of com. with each share of pref.)				
Quebec Telephone & Power	Dec.	H. B. Robinson & Co.	...	Com.	44,000 shs.	...	...

N.Y. Produce Exchange Lists Canadian Stocks

A securities market opened on the New York Produce Exchange on Wednesday of this week with a large list of stocks and bonds not traded on either the New York Stock Exchange or the New York Curb.

Included in the official list were these Canadian issues:

Brewers & Distillers, of, Vancouver; British Columbia Power A and B stocks; Building Products preferred and common; Calgary Power common; Canada Power & Paper common; Canadian Brewing; Canadian Canners first preferred and common; Canadian Dredge & Dock preferred and common; Canadian General Electric preferred and common; Canadian Oil Companies preferred and common; City Dairy preferred and common; Cockshutt Plow; Crown Cork & Seal common; Detroit & Canada Tunnel common; Massey-Harris preferred and common; Hamilton Bridge preferred and common; Hamilton Dairies preferred and common; Lake of the Woods Milling preferred and common; Maple Leaf Milling preferred and common; Photo Engravers preferred and common; Port Alfred Pulp & Paper preferred and commen; Pressed Metals of America preferred and common; Price Bros. & Co., preferred; Quebec Power Co. common; Sherwin-Williams of Canada common.

ROBERT MITCHELL IS BENEFITING IN PRESENT BOOM

Stock Has Not Discounted Future to Extent of Similar Organizations

From Our Own Correspondent

MONTREAL.—The shares of the Robert Mitchell Company do not appear to have kept pace marketwise with other companies which are benefiting by the tremendous increase in constructional activity and by the extensive orders placed and being placed by the railways.

As the company's convertible preferred shares are called, by January, all of this stock will be converted into common, which at present levels, is selling at a figure which makes the conversion attractive. Hence, it is generally expected in investment circles that the common stock will be placed on a dividend basis within the next three months to compensate the preferred shareholders who have converted their stock and also because earnings, formerly available for dividends on the preferred, will be available now for the common.

Is Also Convertible

The company's second preferred is also convertible, but it is closely held. It is anticipated that the second preferred will also be converted and, at a maximum, the company will have outstanding next year, only 52,000 common shares of no par value.

Robert Mitchell makes a very wide line of architectural bronze, wrought iron, plumbing, heating and ventilating equipment, and railway car fittings. It can be seen therefore, that it will benefit very substantially from the present building and constructional boom in Canada. Moreover, on many of the contracts which it now has on hand, rewards by way of profits will not be reaped until 1929. Earnings for the current year will amount to about $3.50 a share, but in 1929 not over optimistic forecasts of between $7 and $8 have been made by those with a close knowledge of the company's operations. Hence, at their present level of around $40 a share, it can be seen that the shares are not over-valued.

Not Investment Class

Of course, Robert Mitchell Company shares are not in the investment class. They have a book value of only about $17.50 a share and the company is, comparatively speaking, a small organization. Nevertheless, those with a knowledge of its operations feel that the stock is in the decidedly attractive business man's semi-speculative class.

Earnings for the current year will not include a full year's operations of the component companies which have been acquired. Moreover, the preferred stock was only offered towards the beginning of 1928, and the 1928 report will not cover a full year's operations. An important component of the company is the National Bronze which was only acquired in August last. This company is making excellent profits for the Robert Mitchell Company. It encounters, of course, some competition with Canadian Bronze but only in a few lines. The entire outlook for the company during the coming year appears to be of the best.

MORTGAGE DISCOUNT PROFIT IS HIGHER

But Company's Investment in Real Estate Shows Increase

Mortgage Discount, Ltd., had a profit of $69,891 in the year ended November 30, 1928, compared with profit of $67,924 in 1927 and $68,035 in 1926. The dividends of 8 per cent. on the $768,720 were paid regularly. This sum of $61,473 and taxes of $3,836 leaves $108,941 carried forward to surplus.

The report signed by Frank Carrel, president, and R. Morrow, secretary, says that in the past year the company experienced considerable difficulty in disposing of properties it was obliged to possess, as the real estate market did not show any appreciable improvement. It is predicted that there will be little change in the situation in the coming year.

Changes in the balance sheet over a year ago include an increase in the bank loan from $60,000 to $100,000 and an increase in properties possessed from $59,469 to $69,784. Mortgages and loans are virtually the same at $1,009,641.

Following is the profit and loss account for three years:

PROFIT AND LOSS
Years Ending November 30

	1928	1927	1926
Profits	$69,891	$67,924	$68,035
Bal. from stock conversion	......	44,010	......
	$69,891	$111,934	$68,035
Income tax	3,836	1,704	6,049
	$66,055	$110,230	$61,986
Dividends	61,473	61,473	61,448
Reserve	......	46,000	......
Surplus	$4,582	$2,757	$ 538
Prev. surplus ...	104,360	101,603	101,065
Total surplus ..	$108,942	$104,360	$101,603

EQUIPMENT FIRMS SEE NEW BUSINESS

Aeroplane Parts May Constitute New Orders in Future

From Our Own Correspondent

MONTREAL.—With the increasing growth of aerial activity in Canada, a new field for the output of the equipment companies is being developed. An increasingly large proportion of the total production of National Steel Car, and the Canadian Car and Foundry Companies, is being devoted to orders other than railroad equipment.

National Steel Car has experienced a steady increase in its output of automobile parts. The volume of orders has put this end of the business on a self-supporting basis. With a view to developing the automotive trade to still greater proportions, National Steel Car has bought several acres of land in Hamilton, where a new plant will be erected. It is thought that the greater part of the output from the new plant will be devoted to supplying the needs of the automobile industry. It is not a far cry from this stage to the manufacture of parts for aeroplanes, and with the growing activity in flying in Canada, a potential source of new business is readily recognized.

Canadian Car and Foundry is in a similar position, and its outlook is still further strengthened by the association of its directorate with aeroplane manufacturers. Though at present aeroplane manufacture is comparatively limited, there is every indication of a steady growth over a period of years. The advent of the Curtiss Aeroplane and Motor Company of the U.S., in the form of the new Curtiss-Reid Aircraft Company, is a case in point. If the aeroplane trade becomes one quarter as prolific as the automotive industry, the equipment companies should benefit materially.

PLAYFAIR BUYS DOCK AT SOO

James Playfair, of Midland, and S. L. Penhorwood, of the Soo Dredging Co., have purchased the Cohen Dock, just east of the government dock at Sault Ste. Marie. The dock has a frontage of 160 feet, and Ben Cohen, who operated it until recently as a coal dock, says it has a valuation of between $250,000 and $300,000.

The Consolidated Mining & Smelting Company of Canada, Limited

DIVIDEND No. 49

Notice is hereby given that a Dividend of Five Per Cent. (5%) on the paid-up Capital Stock of the Company for the six months ending December 31st, 1928, with a bonus of Five Dollars ($5.00) per share, has this day been declared, payable on the 15th January, 1929, to shareholders of record at the close of business on the 31st day of December, 1928.

By order of the Board,
J. E. RILEY,
Secretary.

Montreal, December 19th, 1928.

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TORONTO, DECEMBER 21, 1928

STILL UNEXPLAINED

LAST week The Financial Post charged the Ontario Hydro-Electric Power System with juggling its figures in order to give the impression that it had made two payments of $4,812,000 each to the provincial government's debt retirement fund when in reality it had made but one payment of that amount. The juggling was done by showing the one payment in both the 1926 and 1927 annual reports. As any accountant knows, one can not charge a certain fund with the same amount twice without making some compensating change on the opposite side of the balance sheet. This presented no difficulty to the Hydro, which adopted the simple if inexcusable, expedient of taking an item of $144,908,414, representing the amount which the 1928 annual report showed as still owing by hydro to the government, and carrying it forward in the next year's report as $149,720,414. Obviously if the Hydro owned the government $144,908,414 at the end of its 1926 fiscal year it is wholly false to declare in the 1927 annual report that it owed the government $149,720,414. Yet this is exactly what the Hydro did and The Financial Post suggested that an explanation from Hydro officials would be in order.

The Toronto Globe comes to the defence of the Hydro in its issue of Saturday last. But The Globe does not offer one solitary explanation for this unwarranted juggling with figures. It declares that the Hydro's statement appears to be quite plain and corresponds with the provincial accounts. But the point raised by The Post is that the Hydro's figures do not correspond with the provincial accounts. Hydro shows two payments of $4,812,000, one made on June 25, 1926, and one on October 31, 1926, although one was shown in the 1926 annual report and another in the 1927 annual report. The provincial accounts show that only one payment was received. The Globe suggests that the "same criticism and the same demand should apply to the provincial treasurer." This is not right. There is no apparent ground for criticising the provincial treasurer and he has nothing to explain. His books are correct; they show one payment and The Financial Post knows that only one payment was made, although the Hydro attempts to give the impression that two payments were made. The explanation, if any explanation can be offered for such juggling with accounts, must come from Hydro.

The Globe points out that the report for the year ending October 31, 1927, seems to be altogether lacking in mystery and to prove its case presents a copy of the accounts for that fiscal year. It proceeds: "Thus in the last annual report there is nothing to show in that credit is taken for making two payments of $4,812,000, as The Financial Post assumes." Exactly; we agree with The Globe. But that is not what we said. What we said was that the accounts for the two years, 1926 and 1927, taken together provide the mystery. In the two reports, taken together, there is plenty to show that credit is taken for making two payments of $4,812,000.

No; the tampering with Hydro accounts is far from explained. The Globe is quite incorrect in stating that Hydro's "figures also coincide with those of the government as to repayments as well as advances and refunds." The Hydro shows two payments; the provincial treasurer but one.

We still await an explanation. We do not expect to get it. Probably Hydro feels that the less said about the matter the better.

A VICTORY FOR HALIFAX

THE decision of the White Star Line to transfer its winter port from Portland to Halifax means much to the Maritime provinces and it is also evidence that if a city goes after a reasonable demand with sufficient vigor it will get what it wants. Halifax has fought a good case and has won an important victory. We see the influence of the Canadian National Railways in this decision. The C. N. R. could not divert much freight to Halifax until it gave assurance to shippers that boats would be there to handle it. The decision of the White Star Line to run out of Halifax provides that assurance.

With the C. P. R. using Saint John as a winter port and the Canadian National co-operating in making Halifax an important winter port, the Maritimes stand to benefit greatly from our growing export trade.

DISCOUNTING THE FUTURE

IN AN adjoining column we publish an article written by Floyd W. Parsons, one of the most distinguished of American writers on business topics. Mr. Parsons is frankly distressed by the current wave of speculation in the stock markets and outlines the reasons for his feeling of concern at some length. We commend his article to careful reading.

Something of the spirit of speculative optimism that pervades American finance and industry to-day is apparent in this country. Our banking leaders are warning us of the grave dangers of over-enthusiasm. At the same time they are dealing with speculative credits with a firm hand. Speculators, who are receiving daily calls for margin, are not all in a weak position, based on present prices. But their brokers, under pressure from the banks, are forcing them into positions that will stand considerable strain. Speculators are being made to strengthen the basis of their operations whether they want to or not.

The sum and substance of Mr. Parson's conclusions can be found in his statement that "stock prices will settle down to levels determined by current earnings plus reasonable prospects."

"Reasonable prospects" in Canada are decidedly good in the case of most corporations. There may be a difference of opinion as to the distance to which prices can properly go in discounting the future, whether earnings should be discounted one year, two years or five years ahead. Some current theories that prices should discount the full benefit of ten or even twenty years of prosperity in Canada are probably quite unsound and, in fact, very dangerous. Every investor has to settle for himself how far he is ready to go in reaching out, in paying to-day for profits to be obtained in the future.

We do not believe that Mr. Parsons' words of caution are entirely applicable to Canada although we believe that they do apply to some considerable extent. The wise investor will place bounds upon his own adoption of the habit of discounting future earnings; will eliminate margin speculation or collateral loans at the bank almost entirely from his investment practice; and will steel himself to accepting a temporary or prolonged decline in his stocks as a possible concomitant to the long-term profit that is to be made by investing in Canada to-day.

ANOTHER SON OF GUELPH

GUELPH, the home town of Edward Johnson, famous singer, honored him officially recently. Good! He deserved it. His success pleases Canadians. That success did not just happen. It is the result of long hard, strenuous preparation; and he can only stay at the top as long as he continues to work hard.

Guelph has many successes to her credit and none greater than that of Arthur W. Cutten, son of a barrister, who was a partner of Donald Guthrie, father of Hon. Hugh Guthrie, the former national Conservative leader. Cutten went to Chicago and to-day occupies a similar position in the business-financial world of the United States as Johnson does in the art world. His clean, straight, manly Canadianism and his ability have gradually brought him a big following of important persons in the United States who trust him. He early became a rival of the Armours and when they had an opportunity, they sought to ruin him and almost succeeded. Time went on, his friends trusted him, stood by him and eventually he recovered. The details of what happened can not yet be published, but the fact remains that Ogden Armour lost in a few years a hundred million dollars and died in London last summer while his business passed, it is now understood, to the control of Mr. Cutten.

Mr. Cutten is excessively modest and shy, and has done many helpful little things for his old associates. His old Episcopalian church in Guelph has much to thank him for.

But so far it has not occurred to the citizens of Guelph to suggest some formal recognition of this distinguished son. The probabilities are that he would not accept any. But The Financial Post is drawing attention to what it feels to be a wrong attitude on the part of our Canadian people. If a man succeeds in the arts or even as a political mountebank,—we are not associating the two—he is honored; or if he is a foreigner, Canadians will follow and honor him. If, however, a Canadian succeeds in commerce; if he develops our industries and gives employment to hundreds or thousands, then he is selfish and cruel and deserving of kicks, not compliments. We have been taught to regard him as an enemy.

A big source of that type of anti-Canadianism is to be found in foreign inspirational teaching, in our higher educational institutions and now beginning to show its results in the primary schools.

YES, COME TO CANADA

FORBES MAGAZINE suggests to President-elect Hoover that he pay a goodwill visit to Canada after his return from South America and before taking up the burdens of office. "Canada is our friendly neighbor — and our biggest customer," says B. C. Forbes on his editorial page.

Mr. Hoover will be welcome in Canada. We are inclined to agree with Mr. Forbes when he says that Mr. Hoover would appeal strongly to the people of the Dominion because many of his traits are our traits. Canadians generally have a high regard for Mr. Hoover because they remember his war-work in the allied interests. In some parts of Canada, where the St. Lawrence waterway is strongly favored, Mr. Hoover will receive enthusiastic acclaim because of his support for that project. Business men in Canada recognize in Mr. Hoover one of the ablest administrators who ever sat at a cabinet minister's desk, either in the United States or Canada. He has given distinct leadership to American business and has taught industry and commerce the art of self-government. The United States Department of Commerce, which has been under Mr. Hoover's direction as secretary, has always shown itself well informed on Canada. A recent Saturday night radio talk by Dr. Julius Klein, the foreign director of the department, was devoted to Canada and it was a very erudite survey of the Canadian situation.

Mr. Hoover will find, if he comes to Canada, that there is an important body of opinion in this country that considers that United States tariff policy has been unnecessarily harsh towards Canada, that changes have been made brusquely and in an unneighborly fashion. Many an industry in Canada has been ruined over-night by an abrupt and arbitrary change in the United States tariff; much hardship has been caused to producers in different sections of Canada when a long-established market enjoyed by them in American cities has been suddenly cut off by fiscal action on the part of American authorities. Canadians recognize the right of the United States to manage its own tariff and to consider the interests of its own producers not only primarily but solely. But if Mr. Hoover lives up to his reputation as an ambassador of friendly relations he will observe and make note of this feeling in Canada.

We second the motion that Mr. Hoover come to Canada and we assure him that he will find most Canadians on the street to give him welcome.

EDITORIAL NOTES

How many Christmas bonuses are still unspent?

* * *

IT WAS necessary to get in early to avoid the rush in the stock market.

* * *

Merry Christmas! It's certain to be a happy 1929 for Canadian business.

* * *

SIR JOSEPH WARD, New Zealand's new premier, is an immigrant. He was born in Australia.

* * *

IF MESSRS. Bennett, Beatty and King read the intimacies of Madame Tolstoy's diary they never will get married.

* * *

FEW business men have seriously asked that the income tax be abolished. But they want to see distinct yearly reductions.

* * *

EVEN THE well-informed Wall Street Journal falls into the amusing error of calling Canada "the land of ice and snow."

* * *

THE QUESTION of whether a vessel is a "he" or a "she" has been decided in favor of the ladies by the Canadian National Steamships. All C. N. R. vessels with male names are being re-christened.

* * *

HORACE T. HUNTER, vice-president of the Financial Post, is on a visit to the British West Indies and will write for The Financial Post a group of articles on Canadian trade possibilities in the islands.

* * *

THEY ARE putting 50 new baths in a leading London hotel. At the same time the Times laments the passing of the word "shop" which is losing out to the American word "store." Is England no longer England?

* * *

APROPOS, apparently of political activity around Toronto city hall, the Globe remarks that it seems there is to be a municipal election in Toronto this year. Wrong again! The election is January 1, which is next year.

* * *

A LONDON firm was fined for labelling as "Rangoon rice" a product grown a few miles outside British territory. It is evident that the British are determined to protect the good name of Empire produce at all costs.

* * *

ALL THE LEADING daily and financial papers of New York republished the Canadian Marconi story of The Financial Post and credited it to this paper. Canadian newspapers re-published it, almost without exception, lifting it directly from The Post without credit to this paper. The Toronto Star, for instance, republished the complete story word for word as its own. One wonders if the standards of journalistic morality are higher in New York than here.

* * *

THAT American scheme to time public construction works with business depression has the support of such men as Owen Young of the General Electric company. But who is to say what is depression and what is prosperity? Even our Mr. King and Mr. Bennett, for instance, are apparently at odds on the business situation in Canada. The use of a statistical index may not always prove a solution. Statistics showed that the stock markets were inflated two years ago. And now look at them.

* * *

THE WESTERN PRODUCER is chuckling. It thinks it has found evidence that The Financial Post has turned Communist and is therefore in the same boat as the Producer itself. The "evidence" is an article recently published in these columns detailing the experience of community farming amongst immigrants in the West. The editor of the Producer should have read the article. These community farming experiments among immigrants in the west have as their objective successful individualism. Community farming with these people is merely a step towards individual ownership and operation of farms. With the Western Producer the order of things is reversed. Its ultimate objective is Communism and present day individualism is, to it, merely a step in that direction.

FOLKS and Finance

The wits of other days still hold sway occasionally in Wall Street and show themselves as quick as formerly in their retorts. One of these quick retorts was sprung recently by William Nelson Cromwell and was reported by Wall Street Journal.

It was after the meeting of International Nickel Co., at which the directors announced that the plan of transferring the physical assets of the New Jersey company to International Nickel Co. of Canada had been put into effect. One of the directors remarked that it was a rather solemn meeting in a way, but added that "So far as you, Mr. Cromwell, are concerned, it surely has its romance. For you were here at the birth of the company and now at its death." Quick as flash Mr. Cromwell retorted: "Yes, and I'll be here at the Resurrection."

Other People's Views

Deachman

New Glasgow, N.S., News: An active personage at the sessions of the tariff commission is one R. J. Deachman, who is understood to be in the pay of the government, or the Liberal party. Mr. Deachman professes to be representing the Consumers' League of Canada, but as a matter of fact there is no such organization, except as a part of the Liberal political machine. This gentleman's chief duty appears to be to distort the proceedings of the commission and to misrepresent the views of manufacturers and others.

Vision and Population

Manitoba Free Press—A more fortunate country than Canada does not exist, and there are millions of people in other lands who would consider it a privilege to live here. Canadians may well go forward with confidence and energy in the development of their country. This includes intensive study of the important problems of production that are peculiar to Canada. It should also be possible to accommodate a large accession of new population in the development of the country, with advantage to the present population and to those who come in. All that is needed to capture and make real the bright future of our visions is courage and action by the citizens of Canada.

DEVELOPMENT OF LABRADOR

New York Times: Sir Richard Squires, speaking of the development of Labrador, which among its resources includes the water power of the Grand Falls, in volume "outrivaling Niagara," invites American capital to compete with British and Canadian. He promises that concessions or leases will go to the highest bidder. Yet between the lines one may read his belief that the best bargain could probably be made with American capitalists. Newfoundland lacks the money to do anything on a large scale in Labrador. Sir Richard has a kindly feeling for the United States, because from it annually come to relatives of Newfoundland emigrants' postal money orders exceeding in value what is sent to the colony from Great Britain, Canada and the rest of the world. As a representative of Newfoundland he has several times visited the United States to negotiate trade treaties. He regards Labrador's resources, other than the fisheries, in which 15,000 people are engaged, as immensely valuable. Hundreds of millions of dollars will yet be invested in them. One after another the Canadian Provinces, even Manitoba, Saskatchewan, British Columbia and Alberta, as well as Ontario and Quebec, are revealing stores of gold, silver, nickel, copper, platinum and tin to pioneer prospectors. Mining has become a great Canadian industry. Of late rich finds have been made in Newfoundland, and the turn of Labrador may soon come.

Col. Maclean's Merited Success

Fort William Times Journal: Col. John Bayne MacLean, of MacLean's Magazine, The Financial Post and a host of trade journals, deserves well of Canada.

It might not be supposed that there was any idealism behind the publishing house which deals in such journals as The Canadian Grocer, Hardware and Metal, Men's Wear Review and so forth. These enterprises have such a commercial tang to their names that it is difficult to associate them or their publisher with non-commercial ideals.

But Col. Maclean, while building up a series of trade journals appealing to the various trades he catered for, was fostering another little chick, MacLean's Magazine, which at one time made serious inroads into the profits of the other publications.

Col. Maclean had an ideal and an ambition. He intended to become the publisher of a Canadian magazine which should measure up, not only in its style and matter, but also in its circulation in Canada, with anything that the United States could send in.

Moreover the colonel is an intensely patriotic Canadian, and was determined that, so far as it was in his power, MacLean's Magazine should be essentially Canadian in its entire make-up and lookout.

Congratulations are coming to Col. Maclean upon his success, which is testified to in a recent advertisement, which, coming from him, need not be questioned as to its veracity. It is there stated that MacLean's last month overtopped by 22,000 the circulation in Canada of the most widely circulated United States magazine.

From being his pet baby, MacLean's has grown to maturity and its courageous publisher deserves credit, not only for the enterprise that he has shown, but for the intense Canadianism which has urged him on to build up a magazine worthy of his country.

Canadian Minister to U.S. Addresses Life Presidents

One manifestation of the degree of friendship between the United States and Canada is the degree of over-lapping in fields of operation of American and Canadian insurance companies and the mutual investments made by these countries, according to the Hon. Vincent Massey, Canadian minister to Washington, in the course of an address given before the annual convention of the Association of Life Insurance Presidents held in New York.

Mr. Massey reviewed the growth and diversification of business in Canada and pictured the growth of insurance in this country from an average per capita insurance of $10 in 1869 to insurance per capita in 1927 of $537. He also touched on the growth and future of aviation in Canada.

"Stop Me If You've Heard This One"

"I shall die," throbbed the suitor, "unless you consent to marry me."

"I'm sorry," said the maiden kindly but firmly, "but I will not marry you."

So the fellow went out West, and, after sixty-two years, three months and a day, became suddenly ill and died.

Talkers in Saddle To-day and Toilers Pushed to Rear as Speculative Mania Holds

By FLOYD W. PARSONS
in Advertising and Selling

"What position did you hold in your last place?" asked the merchant.

"I was a doer, sir."

"A doer! What's that?"

'Well, sir, you see, when my employer wanted anything done he would tell the cashier, the cashier would tell the bookkeeper, the bookkeeper would tell the clerk, and the clerk would tell me."

"And what would happen then?"

"Well, sir, as I hadn't anyone to tell it to, I'd do it."

This story is particularly pertinent at the present moment for the reason that the country is now divided into two classes of people—the talkers and the toilers. Always there must be dreamers and people who plan. Nothing much is accomplished in places where there is no exercise of imagination. But the situation becomes difficult for the real doers when those higher up make promises and outline programmes that are beyond fulfillment.

Impossible Burden

Capitalizing the future is perfectly legitimate and highly desirable provided it is done in a way that will not endanger the business structure and bring distress to the public as a whole. But when the profits from speculation, from financing, and from putting through mergers is permitted to take precedence over profits from day-to-day production, then we are on the way to building up a system that shifts an impossible burden of responsibility to the shoulders of operating executives.

The United States has the most wonderful future of any nation on earth. Its natural resources are unequalled. No other country has a climate more favorable to maximum mental and physical effort on the part of the individual. But we are making a serious mistake when we permit national attention to be diverted from constructive business to the hazardous occupation of gambling in the stock market.

There is a great difference between the wise investor and the in-and-out speculator who disregards fundamentals on the assumption that none of yesterday's yardsticks fit this amazing new era.

A bull market running four or five years does not supply sufficient evidence to justify discarding all the copybook rules of elementary economics. It is easier to multiply the market values of corporations than it is to show net earnings to warrant the values. Recent astounding advances in stock quotations have created in thousands of people an utter disregard for the incomes resulting from yearly dividends. Eventually the pools will go broke or get out and millions of people will be left holding the bag. The market manipulators who use strong-arm methods to force prices upward are not the kind of folks who are willing to endure the disappointments of the years that must pass before extravagant promises can be made good.

No Immediate Stringency

It is in times as the present when hard-headed business executives regard the coming years with apprehension. They are not afraid of America's industrial future if business is kept free of gambling excesses. Never was the outlook in legitimate lines of enterprise more hopeful. Carloadings are showing gratifying increases. Sales of machine tools are heavy. Corporation earnings are satisfactory, and for the country as a whole will show profits closely approaching the record totals of 1926. The relations between capital and labor are harmonious. The average income of the wage-earner has reached the highest level since 1920, a year of inflation. In spite of record-breaking brokers' loans, the ratio of reserves to deposits of the Federal Reserve banks is fairly good. And although comparatively recent exports of the yellow metal have brought us down to our "last billion" of surplus gold, this billion held by the Federal Reserve banks will support, at the theoretical maximum, nearly 30 billions of bank credit. This indicates no immediate danger of any large shortage of bank funds.

All of this speaks well for the actual accomplishments of America's doers. But unfortunately we must also reckon with the talkers. They tell us we should completely change our attitude with respect to the nation's financial structure. They say that stocks are much more to be desired than bonds; that it is perfectly proper for the price of a stock to be 20 or 30 times the earnings of the company; that there is no such thing as a saturation point in any field of consumption; that the "piker" class in the stock market, the one that usually gets burnt, has practically been eliminated; and that the so-called business cycle has been forever banished.

That Construction Reserve

Our new leaders of government propose a $3,000,000,000 construction reserve for the nation. This plan is designed to reduce the chances of wide spread unemployment, and if successful will show that at last we have succeeded in organizing our economic system to provide a job for all who have the will to work. Construction expenditures in the United States under the control of public authority now total more than $1,500,000,000 annually, so it is clear that intelligent control and co-ordination of such spending would have an effect on general business. It would act as an economic gyroscope. Incipient business depressions might be checked at the start by releasing money for building, and inflationary tendencies might be curbed by a reversal of this process.

It is gratifying to hear of such constructive plans to flatten out the bottom of the business cycle. It is encouraging to note a growing sentiment in favor of a government board to serve the interests of consumers just as the Federal Reserve Board functions in behalf of producers. But if the United States is to prove to the nations of the world that a country can actually organize for prosperity, some effective action must also be taken to prevent the development of a frenzy of optimism that starts millions of people on a mad rush to stake out claims in a future that may be totally different from the visions that have been built.

Virtue in Caution

Travelling in Europe last year I employed a Belgian chauffeur who had served through the World War in one of the regiments of his own country. He had just seen the American motion picture known as "The Big Parade," and I asked him how he liked it. "It was glorious," he said. "Just like the way the Americans fought. We could not fight that way—it cost too much in human lives. Another year of it and America would have learned, as we did, that there is virtue in caution."

So in Wall Street to-day the astounding achievements of financial giants are glorious. The world has been startled with the magnitude of transactions and the uprush of prices. Yankee foresight has been exercised to the point of buying an interest in marvelous inventions that no one has yet thought of. Sensational dealings are taking place in intangibles. Powerful corporations have become mere pawns in the game of barter. Railways, mines, ships and factories, change hands practically overnight as a result of the scrawled figures of busy brokers on thousands of slips of paper. It all represents a thrilling adventure. But we might ask if it is not buying glory and temporary power at too great a cost.

Rumors and Rises

The talkers, most of whom are out-and-out speculators, now flatter themselves that they have prophetic minds. They point to the stock market as confirmation of their wisdom. General Electric has advanced from $115 to a price equivalent to $1,031; Radio from $41 to $400; Montgomery Ward from $56 to $428; and Consolidated Gas from $87 to a price equivalent to $250. The stock of a graphophone company advanced from $70 to $160 in six weeks. A radio concern lost an important decision in the United States Supreme Court and its stock immediately celebrated by rising 50 points. The shares of a steel corporation rose quickly on a rumor that gold had been struck in one of its iron mines.

Two eminent mining engineers examined the property of a much advertised metal-mining company, and reached the conclusion that the stock was worth about $60 a share. Acting on this report several insiders sold out for $100 a share. The stock is now selling above $200. The shares of a great power corporation are being traded in at a price that is 40 times the net earnings. The market value of all the stock listed on the Exchange rose nearly $12,000,000,000 in 1927, and this year will outdistance that advance.

The index of the average price of 20 industrial shares climbed from $69 in 1921 to $168 in 1927; and to $235 at the present time. Twenty well-known securities have risen from 600 to 7,000 per cent. The increases in 12 of these stocks have exceeded 1,200 per cent. One motor stock has shown an advance of 6,493 per cent. Never before have common shares sold at prices so many times their earning power.

Talkers and Toilers

The talkers are in the saddle. The toilers who gave America its great opportunity have temporarily been pushed into the background. A few months ago the savings banks were talking of reducing their interest rates. In the meantime so much money has been withdrawn for use in speculation that the banks have been compelled to raise their interest rates in order to hold their accounts. The forces directing speculation have done their job well. We are now witnessing the development of a new mob psychology and a new era of financial autocracy. In five years there has been an increase of nearly two million in the number of owners of common stocks.

Speculators spend freely when things are coming their way. The immediate effect of extreme optimism is a stimulation of business. But the hard-headed, matter-of-fact doers are looking ahead to the aftermath of the present orgy. The miseries of the Florida boom are still fresh in their minds. They have tried to prevent the stock market from corrupting their judgment of values. They are wondering how serious will be the readjustment of conditions when sanity returns, loose talk is checked, and thousands of people go back to their regular jobs with a better appreciation of the virtue that lies in careful saving and wise investing.

Folly of Assumptions

In the cold gray dawn of a day of reckoning it will be disclosed that sudden riches are hard to hold; that

(Continued on page 7)

Analysis of Public Companies

We issue occasionally careful analyses of the financial structure of Corporations whose securities are in the public eye. We send copies of these analyses to those whom we think will be interested in them.

If you would care to receive a copy of these reports occasionally, we shall be pleased to add your name to our mailing list upon request.

Cochran, Hay & Co.
Limited
Dominion Bank Building, Toronto
J. STRATHEARN HAY, Member, Toronto Stock Exchange
HAMILTON LONDON KITCHENER WINDSOR

Guaranteed Unconditionally by the Government of the
DOMINION OF CANADA
as to both principal and interest

Canadian National Railway Company
Forty-year 4½% Gold Bonds

Dated December 1, 1928 Due December 1, 1968

Principal and interest payable June 1 and December 1 in Montreal, Toronto, Ottawa, Winnipeg, Vancouver, New York City and London, England.

These bonds are subject to redemption on any interest date at 105 if redeemed on or before December 1, 1933; and at decreasing prices thereafter.

Coupon Bonds available in the denomination of $1000 with the privilege of registration as to principal only, or as to principal and interest.

Price: 96 and interest to yield over 4.72%

R. A. DALY & CO.
LIMITED
BANK OF TORONTO BUILDING
TORONTO
R. A. DALY, Member, Toronto Stock Exchange

The
Willison Neely Corporation
Limited
DEALERS IN
Canadian Government, Municipal and "Dollar for Dollar" Bonds
CANADIAN PACIFIC BUILDING - TORONTO
MONTREAL LONDON HAMILTON OTTAWA

Burlesque

A SCHOOL of advertising theorists has sprung up in the last few years. Its students particularly favor the use of large pretty pictures in advertising. These pictures use up a lot of space (incidentally swelling the agent's commission) and put the burden upon the artist to use his brains instead of upon the brain of the "account executive" or "contact man" as he is called in agency parlance.

To go with the pretty picture, the copy writer produces a few smooth platitudes. For example:

> "When King Solomon went to visit the Queen of Sheba he carried with him the *Perfumes of Araby* and rode in a golden chariot. Modern man, taking his cue from this greatest of all lovers, ventures forth to his lady armed with a large box of Hickey Dinks Chocolates and rides in a gorgeous Triplet Six. To those who would climb socially and successfully, Hickey Dinks Chocolates and Triplet Sixes are a sine qua non. Hickey Dinks Chocolates may be had at all really first-class dealers, and as for the Triplet Six—well, just ask your boy friend."

When they have rung the changes on this line of talk about twelve times, with pictures to match, the advertisements are all nicely proven up on coated stock and bound in a pretty portfolio, and submitted to the advertiser.

Then follows the Gilbertian comedy in which Mr. Advertiser is permitted all the spotlight with the agency chorus so draped in the wings and playing up to his vanity as to make him feel that, compared to himself and his wonderful product, King Solomon was a mere backstairs artist.

The sales talk is intensely profound. Catchwords such as "buying appeal", "dealer influence", "consumer acceptance", "dominance", "basic ideas", "trade investigation", "merchandising" are spilled around with studied nonchalance.

* * * * * * * * *

But here's the sad part about the business. Many of these advertisers who, under proper guidance, could afford to advertise reasonably, and who should get encouraging returns from their expenditure, are sold so much advertising on their vanity that when they have paid the bills for a year of it they are finished. They simply cannot stand the financial pace, and, in advertising parlance, become "tombstones in the advertiser's graveyard".

* * * * * * * * *

There is no magic or mystery about the business of advertising, although some people would lead you to believe that there is. It is a plain, common sense business job, and the man who produces the advertising should himself be a salesman of infinitely greater calibre than the man who sells goods face to face with the buyer. The writer must incorporate into what he writes the same amount of conviction that a good salesman has when he uses his personality, plus the goods he is selling, to make the sale.

The next time copy is submitted to you, ask to see the man who wrote it, size him up as a salesman, figure whether he could take your goods on the road and sell them as successfully, if not better, than your best salesman.

* * * * * * * * *

Advertising is too important a job to be done lightly. It should never be bought under the influence of high-pressure selling or

"on full round belly with good capon lined",

especially if the seller is buying the capon.

* * * * * * * * *

This is the thought that I want to leave with advertisers who read this advertisement: Is your advertising being prepared to please your vanity or are you getting advertising that will assist you in making sales?

* * * * * * * * *

I am pleased to discuss business with principals, but I don't want to waste time talking to those who have no power to act. Interviews by appointment at your office or mine.

330 BAY STREET,
TORONTO
Phone
ADelaide 6222-6207

Branches at
Montreal & Winnipeg

Thornton Purkis
Advertising Counsellor

Background of Business

Weekly Review of Canadian Conditions

CONDUCTED BY JOHN E. LANGDON

Holiday Trade Promises to Reach Large Proportions
Recession in Primary Industries Is Less Pronounced
Speculation Again Provides Feature of Current Business
Few Unfavorable Factors in Major Lines of Activity
Revenue Freight Moved to Date Exceeds All of Last Year

REFLECTING the favorable trend of business, Christmas trade this year is reaching record proportions. Reports from all parts of the country are uniformly favorable. Apparently there is more "luxury" buying than has been the case in recent years. Furthermore, the volume is considerably better than last year and it is fully anticipated that the value of the holiday trade will reach a mark far in excess of that recorded for last year.

The general belief that business conditions will not show any marked unfavorable change for some time to come, has undoubtedly been a factor in bringing forth this added volume of holiday trade. Dealers are taking full advantage of the situation and the majority have increased their inventories in the expectation of a larger turnover.

Recession Less Marked

At this time of the year it is only natural that some recession should take place in the major industries. While such has been the case, the decline is far less pronounced than in other years. Production of pig iron, a reliable indicator of manufacturing activity, for instance, amounted to 95,426 tons in November. This was the second highest monthly tonnage reported for the year to date and only 2 per cent. under the record established in August.

For the eleven months, production was in excess of that for the whole of 1927. The actual cumulative output was 934,085 tons, marking an increase of 43 per cent. made during the corresponding period of 1927.

That the volume of pig iron production is a good indicator of manufacturing activity, is borne out by an examination of the returns of the major iron and steel using industries. In the automobile industry, for instance, production for the first ten months of the current year yas greater than for all of last year, while the figures for the full year are expected to show a new record of production for this industry.

Steel Industries Prosper

In other industries, such as farm implements, machinery, hardware, rolling stock, structural steel, etc., operations have been and are maintaining a comfortable lead over last year. Although demand has been exceptionally good for the various products of these industries, a survey of the market possibilities during 1929 indicates that consumption should be more widespread and production should increase correspondingly.

It is not surprising, therefore, that employment in manufacturing industries in the past month or two, has reached the highest level since 1920. There is a slight amount of unemployment and no particular scarcity of labor in any industry, but the labor situation is far healthier than at any corresponding time in the past eight years.

As wage rates have been well maintained and, on the other hand, there has been a slight drop in the cost of living, the position of the worker is obviously stronger. With this enhancement of purchasing power in urban centres and a substantial improvement in income in the agricultural communities, it is not surprising that business is looking forward to another excellent year in 1929.

Speculation Features Business

Once again the tremendous speculation in the stock market, features the business situation. The recession of prices in the past week has not tended to discourage trading. It has happened several times before, usually followed by another and more pronounced upward swing. Thus public participation in the market has continued to expand.

As one authority points out there seems little likelihood of business becoming seriously involved in any market decline. Undoubtedly a severe break in securities would throw a chill over the situation, but business appears too sound fundamentally to be more than temporarily thrown off balance by any such development. With the present firmness of money largely associated with the activity of the stock market, any abatement of activity in that quarter would probably be followed rather quickly by an easing of money conditions which would be a strong influence in the support of business.

Furthermore the same authority states that there is ample justification for the opinion that a reaction of the stock market, providing it were not too severe, would be the best thing that could happen for business, inasmuch as it would lessen the demand for funds in that quarter, which is keeping money rates up and which sooner or later, it is to be feared, may affect business unfavorably.

Few Backward Industries

A broad survey of industry shows comparatively few unsatisfactory conditions at the present time. Among the major industries newsprint and textiles are the only two that appear to be meeting an adverse situation.

While production of newsprint is greater than at any other time in the history of the industry, operations are far from being profitable on the present scale of prices. Had there been more stringent regulations in respect to the establishment of new mills, the present period of over-production would not have developed. As it is the Canadian industry will have to mark time until United States newsprint demands enlarge and take up the slack. It is the opinion of many that at least two years will be required to reach that point, but everything depends upon the rate of growth in the volume of advertising carried in the American periodicals. The slack may be taken up before 1930.

There is not the least doubt but that in time the United States publishers will have to meet the terms of the Canadian newsprint, producers, but until that time arrives and the present situation is corrected, profits in the newsprint industry will be rather meagre.

Textiles Improving

Apparently operations in the textile industries are improving. Manufacturing was markedly limited during the summer months, but a betterment in domestic consumption of late has brought an improvement. Moreover, the situation in the United States has undergone change for the better. October reports indicate more employment, larger sales of cotton goods, and more spindles in operation. It is confidently expected that there will be no increase in the cotton carryover at the end of the crop year, which fact already has had a strengthening influence on prices.

This improvement in the American situation should sooner or later reflect itself in the operations of Canadian mills. In fact this may be said to have already happened, as the proposed national publicity campaign for the increase of consumption of cotton goods, is understood to have been dropped.

More Freight Carried

An interesting sign of the strong current position of industry, is seen in the movement of revenue freight on Canadian railways. Car loadings up to the week ended December 8, passed the 3,500,000 mark, thus exceeding the total for all of 1927, which in turn was the best in the history of railroading in this country. The gain, of course, is largely due to the earlier and heavier movement of grain and grain products, but the other divisions, particularly merchandise, also show a substantial increase. Livestock, coal and coke are the only commodities to register a smaller movement this year, as compared with 1927.

Canadian Business Indicators

Compiled Weekly by The Financial Post

	Latest This Year	Latest Last Year	Cumulative for Year This Year	Cumulative for Year Last Year
Weekly				
Car Loadings (Dec. 8)	75,359	66,718	3,519,866	3,215,880
Stock Index (Dec. 13)	758.2	281.4	......	......
C.P.R. Gross Earnings (Dec. 14)	$ 5,108,000	$ 4,060,000	$ 209,644,000	$ 182,669,000
C.N.R. Gross Earnings (Dec. 14)	$ 5,426,528	$ 4,558,240	$ 263,816,242	$ 236,590,319
Monthly				
Production—				
Pig iron, tons, (Nov.)	95,426	37,989	934,085	646,500
Steel, tons (Nov.)	108,463	80,730	1,137,160	811,390
Newsprint, cwt. (Oct.)	216,602	191,171	1,947,828	1,710,220
Automobiles (Oct.)	18,536	7,748	221,188	169,331
Boots and Shoes, pr., (Oct.)	1,553,231	1,494,838	15,210,260	14,911,018
Flour, bbls. (Oct.)	1,892,000	2,005,000	15 706,932	13,815,319
Construction—				
Building Permits (Oct.)	$ 21,508,672	$ 18,848,019	$ 187,697,420	$ 160,000,554
Contracts (Nov.)	29,038,200	30,260,500	453,127,400	382,269,600
Labor—				
Employment Index (November)	119.1	107.5	......	......
Trade—				
Imports (October)	$ 112,340,617	$ 93,935,872	$1,024,730,281	$ 909,553,352
Exports (October)	$ 141,816,210	$ 103,884,933	$1,051,890,362	$ 934,940,901
Imports of Key Products—				
Rubber, lbs. (Oct.)	6,593,000	4,009,000	55,401,849	50,395,944
Cotton, lbs. (Oct.)	13,842,464	6,684,348	99,747,574	92,589,458
Sugar, cwt., (Oct.)	887,791	837,716	7,813,962	......
Petroleum, gal. (Oct.)	18,224,308	13,048,737	315,153,207	......
Coal tons, (Oct.)	1,779,382	......	11,845,761	......
Exports of Key Products—				
Newsprint, cwt. (Oct.)	4,284,558	3,185,686	......	......
Automobiles, No. (Oct.)	6,696	1 665	58,831	48,718
Wheat, bush., (Nov.)	75,416,597	52,805,237	316,339 598	210,253,425
Wheat flour, bbls. (Nov.)	1,159,213	1,149,474	9,814,301	8,306,174
Electric Power—Output—				
M. Kilowatt hours (Oct.)	1,457,206	1,313,834	13,022,271	11,534,834
Population—				
Emigration (Sept.)	7,538	9,542	......	......
Immigration (Oct.)	11,663	9,453	......	......
Finance—				
Failures, No. (Oct.)	198	184	1,603	1,466
Failures, Liabilities, (Oct.)	$ 3,413,198	$ 3,095,476	$ 23,974,442	$ 24,735,094
Bank Debits (Oct.)	$4,272 541,050	$3,511,830,245	$35,174,183,775	$27,668,700,400
Bond Sales (Nov.)	$ 16,435,652	$ 89,948,116	$ 385,977,620	$ 600,555,053
Insurance Sales (Oct.)	$ 55,743,000	$ 48,104,000	$ 468,107,000	$ 408,302,000
Wholesale Prices (1913-100)—				
General Index (Nov.)	148.6	152.2	......	......
Iron	140.6	141.1	......	......
Cottons, raw	151.5	165.7	......	......
Grains	140.1	163.1	......	......
Cattle	133.3	127.1	......	......
Rubber	36.1	60.9	......	......

ROBERT DODD & COMPANY
INVESTMENT BANKERS
THE ROYAL BANK BUILDING
MONTREAL, QUE.
Telephones—Harbour 8141-2: Harbour 2412

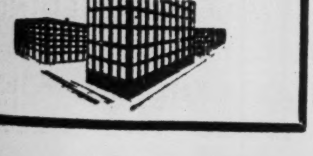
GEORGE A. FULLER COMPANY
OF
CANADA LIMITED
BUILDING CONSTRUCTION
MONTREAL TORONTO
Established in Canada in 1909

DRIVE WITH SECURITY!
No investment offers so much real security to drivers and passengers in Motor Cars as our
NON-SHATTERABLE WIND SHIELDS AND SIDE LIGHTS
Danger constantly surrounds the automobilist. This danger is increased in case of accident by flying glass.
Cars equipped with Non-Shatterable Glass offer a constant protection.
Patented and Manufactured by
PERFECTION GLASS CO. LTD.
Toronto
2977 Hutchison
Montreal

Brook & Allison
Farm Lands and City Property,
Loans and Insurance,
Rental Agents
Established 1907
REGINA, SASK.

Property Corporation
OF CANADA LIMITED
Real Estate : Mortgage Loans
1409 Peel St., Montreal
John J. Fitzgerald, President
Chester M. Martin, Gen. Sales Man.

Building at Reasonable Cost
We specialize in the erection of large buildings — office, hotel, store, apartment, etc.
The wonderful reputation this firm has acquired as engineers and builders was earned by many years of service.
Let us work on your building problem.
J W BUTLER COMPANY
LIMITED
ENGINEERS BUILDERS
ROYAL BANK BUILDING
TORONTO 2 CANADA



Montreal is Largest Grain Port in World

Last Year's Record in Grain Handling Has Been Exceeded By 33,000,000 Bushels in 1928

From Our Own Correspondent

MONTREAL.—With the close of navigation for 1928, the port of Montreal has definitely established itself as the greatest grain handling harbor in the world. Though a new record was set up in 1927 in the amount of grain handled, figures this year show a large increase in total receipts and deliveries. A large increase in revenues will be shown when the harbor Commission's anual report appears in February.

A total of slightly over 210,500,000 bushels have been handled outward by the Harbor Commission's elevators this year. This represents an increase of 15,000,000 bushels over the record figures produced for the 1927 season.

216,000,000 Bushels

Total receipts this year were in the neighborhood of 216,000,000 bushels, an increase of 21,000,000 bushels over the 1927 record. Storage capacity of the elevators of the Harbor Commission is now 15,162,000 bushels, This space will be fully utilized during the winter months, with some 25 lake steamers wintering in the port, giving storage to approximately 2,250,000 additional bushels of grain.

In realizing the very satisfactory totals for the 1928 season, many new records were created. Among these are included the largest total receipts for any single day, largest total deliveries for any single day, largest exports of wheat for any single season, and finally, the largest margin of supremacy over all competing ports, including all ports which are open the year round.

Slow at First

The port this year opened on April 26, with the arrival of the first steamer. Until the end of August, however, there was no indication that the total reached last year would even be equalled, but a sudden rush of orders, and strengthening of the grain market, made both deliveries and receipts soar above previous records. This situation was maintained until the end of the season.

No congestion was experienced during the season in the local port, and the anchorage at Longue Pointe has proved of great value.

A great increase in tonnage is noted, particularly during the last few months, the month of November proving the best ever recorded for the port—an average of 60 ships per day for the first 25 days of November being maintained. Inland shipping also increased, and up until the end of October, showed a favorable comparison in tonnage to the same date last year.

Many New Ships

Many new ships have made their first appearance in the port during the past season. The White Star line, Canadian service, placed on the run the S. S. Laurentic, specially built for St. Lawrence passenger traffic. This boat was followed by the new Canadian Pacific Duchess of Bedford, and Duchess of Athol, which are the biggest ships sailing from the port. In addition, many other new ships, including the huge Beaver class freighters, made their way to Montreal, increasing the tonnage figures to large proportions.

Imports of coal show a decrease of nearly 50 per cent. below the 1927 totals. This is due to the large shipments which reached the port last winter and which lay in the harbor until a short time ago, when seasonal buying commenced.

Yearly Comparison

Deliveries and receipts for the last five years, using the approximate figures of 1928 to date, were as follows:

Year	Deliveries	Receipts
1928	210,500,000	215,805,000
1927	195,247,914	194,287,310
1926	134,591,240	135,897,882
1925	166,212,335	163,801,725
1924	159,159,688	165,139,399

A new record has been established by the port in the number of trans-Atlantic vessels to visit Montreal. Reports show that 1,236 vessels entered the port this season to date, as opposed to 1,231 last year. It is probable that this season's total will not vary much from this figure, but in ocean tonnage the amount will be far in excess of last year, which was 4,252,325 net tons.

Number of Ships

Following is a review of the number of vessels, both ocean and coasting which entered the port of Montreal in the last two years.

Year	Ocean	Coast
1928	1,236	366
1927	1,231	379
1926	1,042	379
1925	1,040	215
1924	988	235
1923	892	190
1922	969	225

ANGLIN - NORCROSS
(LIMITED)
Contracting Engineers and Builders
MONTREAL : TORONTO

TALKERS IN SADDLE TO-DAY AND TOILERS PUSHED TO THE REAR

(Continued from page 6)

not all conservative investors are fools; that industrial hazards are being increased daily by unexpected developments in science and invention; and that big business cannot run wild in carrying out monopolistic aspirations. The folly of hundreds of assumptions, already capitalized, will become apparent. Substitute products will make their appearance and foil schemers who are seeking to exploit consumers. Stock prices will settle down to levels determined by current earnings plus reasonable prospects.

Excessive optimism is a menace. It breeds contempt for established principles and pressing problems. It creates inflation in one form or another. It sells shares in dreams without first proving their practicability. It says, $8,000,000,000 are now wasted in the distribution of goods, so let us capitalize this future economy. Profits are too little, so we will multiply them by increasing the prices of the things that consumers buy. This will serve at the same time to cut wages without actually disturbing current rates.

Records Go By Boards

The present stock market has smashed all records and rules. It violated precedent by getting on the front pages of the daily papers and yet refusing to break. Never before were there so many sensational advances in non-dividend paying and red-ink stocks. Never did insiders, economists and accountants appear to be so utterly ignorant concerning values.

[illegible] engineering stock movements and engineering industrial production are widely separated activities. The measure of permanent progress is the rate at which the doers effect economies through increased efficiency. Such savings come surely, but slowly, and that is why wise people advocate buying for the long pull. Many unbelievers in this philosophy who are finally landed with securities at the top will have a very long pull while waiting for business to overtake the stock market and give them a chance to get out even.

Dependable Investments
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There are 15,000 men and women engaged in the telephone system of Ontario and Quebec. They handle over four million calls every day and, in spite of the constant cry for speed, there is scarcely a case of conscious discourtesy or neglect.

THE COMPANY IS PROUD of these 15,000 men and women and has endeavored to make their work as agreeable, healthful and stable as possible. Several hundred present employees have been with the system for more than twenty-five years.

This stability of staff maintains high standards of operation and is encouraged by the Employees' Pension and Benefit Fund, established in 1917, to protect employees in illness or accident, and to provide for their future and for their dependents.

There is also a plan of Employees' Life Insurance, by which out of salary, employees may carry without undue burden insurance to care for their dependents. This plan has been arranged in co-operation with Canadian insurance companies at regular rates.

IN ADDITION to this factor of stability an active interest in the telephone system is encouraged by the plan of employees' purchase of shares and by the plan of employee representation.

Some years ago telephone employees were given opportunity to become shareholders in the company and 10,390 of them have subscribed for shares on instalment payments. For some years also, spokesmen selected by the staff have met with representatives of the management to discuss such matters as wages, hours, tools and working conditions. This has not only stimulated interest but promoted efficiency.

THESE THINGS are the basis of the alertness and enterprise which have become a tradition of telephone work.

It is demonstrated among the 4,900 men in the plant department. Over 3,500 of them have qualified for St. John's Ambulance Corps first aid certificates and because of their outdoor duties they are frequently nearby when accidents occur. There have been many instances in which their voluntary response has saved life and relieved suffering.

The same spirit has become familiar in the enterprise and courage with which operators rise to an emergency.

WHETHER IT BE the night operator on the job at midnight or the lineman fighting a winter storm, the men and women of the telephone service give their best in contributing to Canadian progress and well deserve whatever benefits the company is able to offer.

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Pulp & Paper

International Paper Continues Cultivating New Sources of Profit

Newsprint Continues to Play Lesser and Lesser Part in Earnings

NEAR CAPACITY IN 1929

From Our Own Correspondent

MONTREAL.—During the coming year, like all the other producers, the newsprint plants of the International Paper in Canada will operate at 80 per cent. of their capacity. But in Newfoundland and in the U. S., the company will operate its plants at 100 per cent. capacity.

The company occupies a somewhat peculiar position following the recent agreement between the newsprint producers of Ontario and Quebec to operate at 80 per cent. of their capacity next year. International is thus reducing the tonnage from its Canadian mills and at the same time pushing its higher cost U. S. mills to their limit.

In Unique Position

None of the other companies find themselves in the same position as their newsprint properties are all located in Canada. Hence, it is possible that the other Canadian companies and the governments of the provinces of Quebec and Ontario might be glad to permit International Paper to operate at 100 per cent. capacity in this country, provided the company's output in the United States be reduced by an amount equal to the reduction in output which is to go into effect in Canada.

The operating position of the company's two large Canadian power companies was much improved this autumn when on October 1, sales of power began under contract with the Ontario Hydro-Electric Power Commission and the Fraser Companies. During the next three years, from these two contracts, revenues will constantly increase.

Gets $100,000 Monthly

From the Hydro contract. the Gatineau Power Company is now receiving $100,000 a month. This will not increase the revenues of the International Paper and Power Company immediately, as during the construction period of both the Gatineau Power and St. John River Power companies, the interest charges were capitalized and the advent of the revenue from power sales will simply take care of the interest requirements. But by October, 1929, the company will receive from the Hydro another $100,000 monthly or more, which will increase the net profits of the parent company by a like amount. save for the coal the Gatineau mill will have to purchase to replace the power which will be sold to the Ontario Hydro.

Must Wait a Year

About a year hence, therefore, the International Paper and Power will begin to feel the real benefit of its hydro-electric developments in this country. In the meantime, the company continues to pay both its preferred and common dividends, although neither at the moment are being earned.

The reason the management is maintaining the dividend payments, lies probably in the fact that it has a large surplus and occupies a strong working capital position. Moreover, the maintenance of dividends tends to maintain the credit of the company and gives a better investment morale to its securities.

Over many years, International Paper, in addition to very liberal allowances for depreciation and depletion has expended vast sums in renewals and maintenance. Hence, its plants, while carried on the books at a depreciated value, are more than well maintained and kept up to date.

Sources of Revenues

Recently, The Financial Post pointed out that the revenues of the International Paper and Power Company come largely from sources other than newsprint. This statement has been challenged. But the figures of the International Paper Company and its subsidiaries, including the Newfoundland property and the New England Power Association, consolidated for the year 1927, show that total net profits of the new International Paper and Power Company after depreciation available for fixed charges and dividends come 25 per cent. from newsprint operations, 55 per cent. from power production and the remaining 20 per cent. from miscellaneous sources such as the production of sulphite pulp, kraft paper, specialty papers, and even a coal mine in New Brunswick.

Apply to New Company

The foregoing percentages, of course, do not apply to the International Paper itself, but to the newly formed International Paper and Power Company, which is to acquire 81 per cent. of the stock of the New England Power Association. Virtually all the stockholders of the International Paper Company have now turned in their holdings for shares in the newly-formed International Paper and Power Company.

A consolidated balance sheet of the new International Paper and Power as at June 30 last, shows total fixed assets of $491,000,000, of which $292,000.000 is shown under power and public utility properties, and $199,000.000 under pulp and paper properties. These figures are the depreciated value of these assets.

How Mortgages Stand

Against these fixed assets, the company and all its subsidiaries have a bonded indebtedness of $218,000,000. The total preferred stock of the new International Paper and Power Company and the outstanding stock of all its subsidiaries, have a book value of $192,000,000.

The total of 3,000,000 common shares, divided into class A, B and C stock, have a book value of $52,000,000 and there is a surplus of $24,700,000.

To acquire the 81 per cent. in all of the outstanding stock of the New England Power Association, the International Paper and Power will have to undertake new financing to the extent of about $36,000,000. When such financing is completed, the new company will occupy a satisfactory liquid position and current assets should amount to about $72,000,000, against current liabilities of around $49,000,000.

Promising U. S. Plants

While it may be a year or more before the International Paper and Power Company begins to make real earnings on its Canadian power properties, yet the New England Association as a large diversified utility, can be expected to produce increasing revenues. These will be augmented through the development of its Fifteen Mile Fall power property and the delivery of the power so produced under the contract recently signed with the Boston Edison Company. Last year, the New England Power Association earned $2,567,000 on its common stock. Next year, 81 per cent. of these earnings will be applicable to the International Paper and Power holdings of its U. S. power subsidiary. Something of the size of this power subsidiary may be judged from the extent of its assets totalling $210,000,000.

Has Severe Effect

The cut in newsprint to $51.75 a ton will undoubtedly have a very severe effect on the company's earnings in 1929. No one with a knowledge of International Paper's operations expects very much in the way of a betterment during the next twelve months—it is on its ultimate potential earning power that the common stock changes hands at its present level, despite the declining earnings on the shares during 1929.

While not a preponderant proportion of the new International Paper and Power Company's earnings will come from the production of newsprint, yet the situation existing in the newsprint market nevertheless has some bearing on the company's power production, which, in part, is sold to its own mills.

Market Affects Power

If, as and when International Paper operates its Gatineau newsprint plant at capacity, this should find reflection in an increased demand for power from the company's Gatineau power subsidiary. In other words, increasing or decreasing earnings from newsprint would find at least some reflection in earnings from the power activities of the company.

Thus, to-day the speculative features of the International Paper's stock are identical with what they have been since the company first began its enormous expansion programme, with the exception that the immediate and future outlook for the newsprint market is most unsatisfactory. At the moment, it appears that it will be at least twelve months hence before the earnings begin to reflect the gigantic conceptions which the management first began to develop about five years ago.

Develop Other Profits

In the meantime, with the newsprint markets in their present position, the company is doing its utmost to develop its other sources of revenue, both in the power and pulp and paper fields. In the paper specialty and paper commodity markets, strides have been made. The Continental Paper and Bag Mills Corporation, which International now completely owns, is just getting into its stride after many years of producing no revenue for the parent company. It has a daily capacity of 450 tons of wrapping, bag, and tissue paper and specialties.

The kraft paper business of International Paper Company is expanding rapidly. With a daily capacity of 513 tons of kraft paper and board, the company is now the largest manufacturer of this grade of paper in the world. In a little over three years the company has acquired two kraft paper mills in Louisiana and another in Mississippi, has built a fourth mill in Arkansas, and is now erecting a fifth kraft paper mill in Alabama. In addition, International Paper will build a sixth mill in the Carolinas.

Produces 900 Tons

With the exception of one of the Louisiana mills, which was bought in July, 1925, this expansion has occurred in the past 20 months. With the completion of the new mill in Alabama and the Carolinas, International Paper Company will have a daily capacity of about 900 tons of kraft paper and board.

The consumption of kraft paper throughout the world is growing steadily. Revenues obtained from this source will still further diminish the company's proportion of earnings obtained from newsprint.

At their present levels International Paper's common shares, whilst decidedly speculative, appear to be selling in line with the shares of the other paper companies. Like the shares of the newsprint companies, they are regarded in investment circles purely as a long hold for a business man who can afford to hold them and speculate over a two, three, or even five-year period, if the need arise.

Newsprint Institute Assists Industry

From Our Own Correspondent

MONTREAL.—The Newsprint Institute of Canada has been formed here and occupies the same offices as the Canadian Newsprint Company. It is understood that the Institute will in future fulfil some of the functions for which the Canadian Newsprint Company came into being.

As the Ontario and Quebec producers have all agreed to operate their plants at 80 per cent. capacity, it is possible that the Newsprint Institute may play a part in keeping harmonious relations within the industry, perhaps by the distribution of tonnages.

HOWARD SMITH WORKS FULL TIME IN ALL BRANCHES

New Machine at Cornwall Plant Increases Annual Output

From Our Own Correspondent

MONTREAL.—The Howard Smith Paper Mills is operating at capacity. Sales to date are well in excess of last year, though there has been a slight falling off recently, due to seasonal slackness in the fine paper industry. It is thought that earnings for the fiscal year ending December 31, 1928, will make a new high record. Earnings for 1927 were $926,046. When the financing of the present company was undertaken early this summer, it was stated that earnings available for bond interest and depreciation, during the four months ended April 30, were $270,000 in excess of the same period in the previous year.

The new machine at the Cornwall plant is operating with a daily capacity of 40 tons. This machine was started early in July last. Its output has increased the annual capacity of the plants to approximately 38,500 tons. The first unit of the new boiler plant, now being constructed at Cornwall at a cost of $300,000, will be completed by the first of next year.

Cellulose Plant

The Canadian Cellulose Company, a subsidiary, is operating at its capacity of 50 tons daily. The company manufactures bleached soda pulp. The majority of its output goes to the parent company, but a certain amount is sold on the open market. It is expected that capacity of this plant will ultimately be extended to 75 tons daily.

Howard Smith Paper Mills is one of the two outstanding producers of fine paper in Canada. The company makes practically every grade of paper save newsprint. While it exports a certain amount of its production, earnings generally depend on the demand for the finer grades of paper in Canada. Plants are situated at Beauharnois and Crabtree, Quebec, and two at Cornwall, Ontario. The Cornwall plant produces sufficient sulphite pulp to supply the entire needs of the company, and also operates an electrolytic bleaching plant. Groundwood pulp is produced at the Crabtree plant. The company owns about 500 square miles of timber limits in Gaspé County, Quebec, with a cutting up mill and facilities for water transportation to Cornwall.

New Company Formed

The present Howard Smith Company was incorporated in May this year. The old company was sold to Holt, Gundy & Company for $150 cash for each common share. An alternative offer of $100 in cash and two shares of no par value common stock in the new company was made. The capital structure of the present Howard Smith Paper Mills consists of $7,000,000, 5½ per cent., first mortgage bonds, 45,000 shares of 6 per cent. preferred stock, and 200,000 shares of 6 per cent. preferred stock, and 200,000 shares of no par common outstanding. The common shares, listed on the Montreal Curb, have shown considerable activity lately, and sold up to a new high of 34. They have since reacted, and are now selling in the neighborhood of 30.

Several changes in the management have been announced recently. James W. Pyke and J. Alexander Cameron have resigned as vice-presidents, but will continue as directors. Harold Crabtree, managing director, has been appointed vice-president, while E. Howard Smith, Jr., formerly secretary-treasurer, has been elected managing director. K. G. Pendock will take over the duties of secretary-treasurer.

NEWSPRINT OUTPUT 7 PER CENT. LARGER

Canadian Output Up 14% Whilst U.S. Production Declines

From Our Own Correspondent

MONTREAL.—The usual pre-Christmas increase in the demand for newsprint paper has again occurred this year. While the Canadian output jumped up from 216,600 tons in October to 223,645 tons in November, the output in the United States mills remained stationary—a satisfactory feature in the situation.

There has been an increase in the activity also of the Canadian mills; the Newsprint Service Bureau reports operations during the month at 86.9 per cent. of capacity as against 81.1 per cent. during October.

During the month the output of the United States mills increased only marginally by 2,000 tons, yet the scale of activity at the mills amounted to 86.6 per cent. as against 81.2 per cent. in the preceding month. The increased percentage is due probably to the closing down of some of the United States newsprint machines.

Another satisfactory feature of the situation is that mill stocks on hand at the end of November amounted to 60,945 tons as against 73,398 tons at the end of October.

While prices of newsprint have declined and are likely to remain at a low level for some time to come, yet it is satisfactory to note from the production figures that this year there has been a decided increase in the Canadian production as against a decline in the United States.

During the eleven months of the year to date Canada produced 2,173,498 tons as against 1,900,513 tons in the corresponding period of 1927.

For the eleven months' period, the output of the United States was 1,293,802 tons—the lowest amount produced by the United States mills since the 1921 post war year of depression.

The Canadian mills have produced 14 per cent. more newsprint for the year to date and the United States mills have produced 5 per cent. less than in 1927. The increased production of the whole continent this year to date has been 7 per cent. greater than a year ago.

Diversified Standard Declares Its Dividend

From Our Own Correspondent

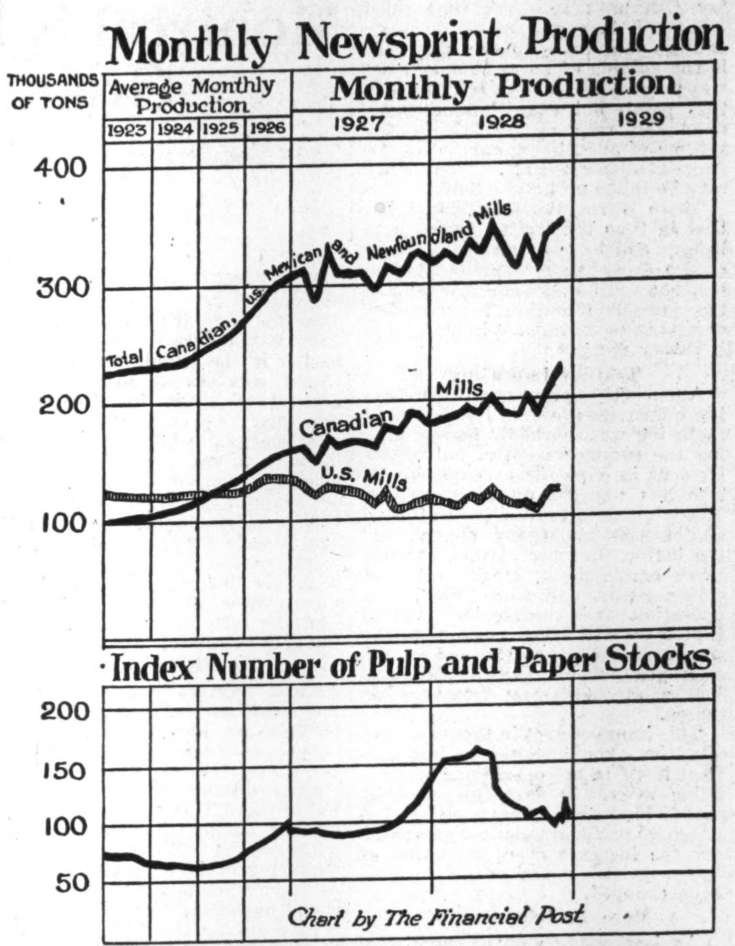
MONTREAL.—Directors of Diversified Standard Securities, have declared an initial dividend of 25 cents a share on the common stock. The company's fiscal year closed November 30, and the balance sheet, which will be available within the next month, is expected to show a good surplus, after payment of preferred dividend requirements.

The regularly quarterly dividend of 2 per cent. on the preferred stock was also declared, for the quarter ending December 31. Both common and preferred dividends are payable January 2 to shareholders on record December 15.

Second Diversified Standard Securities has declared a dividend of one and three-quarters per cent. on the 7 per cent. preferred stock for the quarter ending December 31.

Xmas Trees in New York

The demand for Xmas trees amounts to about 2,000 carloads a year for New York City alone. It is estimated that 10,000,000 trees are used every Xmas in the United States. Canada furnishes about 4,000,000 of this number, of which New Brunswick alone supplies 500 carloads of 1,000,000 trees. Apparently the demand from New York City is equivalent to between 35 and 45 per cent. of the total number of trees used in the country.



In the charts is reflected the usual increased demand for newsprint during October and November also an increased output by the Canadian mills whilst the output from the States remained stationary. The lowest curve shows the market action of paper stocks since the public finally came to a realization that the newsprint industry has yet to pass through probably an extended period of depression.

U.K. Displaces Canada as U.S. Chief Market

For the first time in many months the United Kingdom surpasses Canada in purchases of American products, its total receipts in October of United States origin aggregating $97,990,504 compared with $89,958,516 during the month in 1927, while Canada's purchases amounted to $89,478,258 as contrasted with $80,681,890 for October, 1927.

For 10 months ended with October, however, Canada still maintains its lead as the chief market of importance for American products. The total for this period was $769,504,970 as compared with the total for the United Kingdom of only $647,000,238. The total for Canada was a gain over the period last year, while that for the United Kingdom showed considerable decline.

New President of Eddy Company

MONTREAL.—Victor M. Drury, of Montreal, was elected president of the E. B. Eddy Company at a recent meeting of the board of directors. Mr. Drury was formerly a director, and succeeds the late George H. Millen. Mr. Drury has been a member of the board of the Eddy Company for some years, and is familiar with every branch of the business.

C. W. Lindsay Conversion Has Some Interest

From Our Own Correspondent

MONTREAL. — Holders of the preferred shares of the C. W. Lindsay Company will have their last opportunity of taking advantage of the three for one conversion privilege on January, 1, 1929. After that date the preferred is convertible into common on the basis of two and one half shares of common for one preferred, till January, 1930. At the present price of about 33 for the common stock there is a little profit marketwise to be gained in conversion of the preferred. But a loss in dividends would be sustained. The preferred dividend of 6½ per cent. would be replaced by the present common dividend of $1 a share, or three dollars as the result of the conversion.

Any attraction that the conversion privilege holds must lie in the future outlook for the company. Earnings are reported to be about $8 a share on the common stock. The shares, at this rate, are selling out of line with the present price of approximately $33. Evidently the public is unwilling to discount these earnings at present.

The conversion of the preferred at present would result in an appreciation in the market value of the investors holdings coupled with a reduction in annual revenues.

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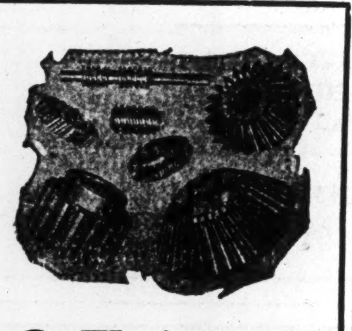

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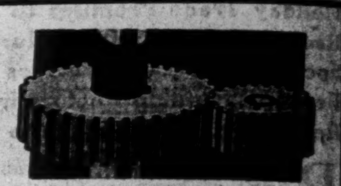

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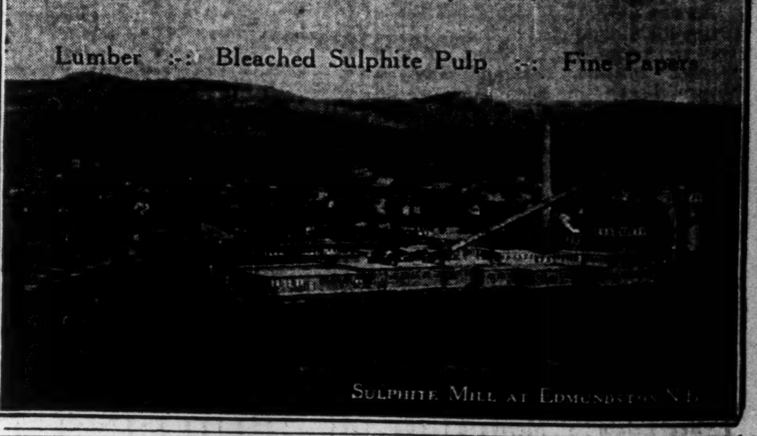

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Canada Dredge

Kindly give me some information regarding Canada Dredge & Dock Co.

Canada Dredge & Dock Co., is well-managed, we believe, and the immediate outlook is highly promising. However, a stock of this kind probably should not sell relatively so high as stock in a company in a more stable industry. Dredge and dock work is a spasmodic activity.

Asbestos Corp.

In your opinion, will the dividend on Asbestos Corporation preferred be maintained?

Our information is that the Asbestos Corporation preferred dividend probably will be maintained despite bearish talk. It should be observed, though, that the company has been having hard times and that there is a possibility of the dividend being passed.

Montreal Power

I hold some shares of Montreal Power and Shawinigan. Do you regard these stocks as absolutely safe? Do you think they are likely to increase in value?

Both your Montreal Power and Shawinigan shares can be regarded more or less as a permanent gilt-edged investment. Over a term of years we believe you are certain to obtain a satisfactory appreciation.

Industrial Alcohol

Kindly give me your opinion of Dominion Industrial Alcohol. I bought shares of this concern three years ago, and I understand the plant is now operating at Port Colborne. Do you think that my investment in this company will turn out profitable for me?

We have been unable to obtain any specific or encouraging information regarding Dominion Industrial Alcohol, Ltd. Our investigation of this company a year or more ago convinced us that the probability of its being a satisfactory investment for the rank and file of shareholders was comparatively slight.

Consumers' Gas

Recently we purchased Consumers Gas Company Stock at $200 for yield and appreciation. The action of the Hon. Mr. Ferguson has apparently cost us $15 per share, to no particularly good purpose except to enhance Mr. Ferguson's popularity among a certain class of people, as it will probably cost the company as much to borrow elsewhere as it would have from its shareholders.

While the security has not altered, do you suggest a switch? We would also like your opinion as to whether the Bell Telephone Company are likely to be interfered with in a similar way by the Dominion government.

We believe that the Bell Telephone Company is hopeful that the Dominion parliament will pass legislation which will enable it to increase its outstanding stock by allotments to shareholders. But, of course, the company is not in position to know what parliament will do, and we confess that we are doubtful as to the outcome.

We are inclined to the opinion that Consumers' Gas stock will recover some of the ground lost in the last two weeks as a result of the ruling of the prime minister of Ontario that the new stock must be sold by tender or by auction. Some think that the ruling will be changed within a year or two after the tender and auction methods have been tried. They believe it will be demonstrated to the satisfaction of the Ontario cabinet that the company can get its money as cheaply from its shareholders as by any other method.

In our opinion, Consumers' Gas stock, during the enforcement of this ruling, should be regarded as a bond. It is safer than a good many industrial bonds, and in view of the dividend limitation the fluctuations will be in accordance with the fluctuations in interest rates. A five per cent. basis is not an unduly high valuation of this stock.

The question as to whether holders should switch depends on whether they wish to have fixed income investments or investments which will appreciate in the market under favorable conditions.

If the yield is not the primary attraction a switch might be suggested to such common stock as Montreal Power or City Dairy. We also are favorably impressed with the outlook for Steel Co. of Canada.

Wentworth Radio

I should like your valued opinion on the 6½ per cent. preferred stock of Wentworth Radio & Auto Supply Co. offered with a bonus of one-half share class "A" common.

The 6½ per cent. convertible cumulative sinking fund preferred stock of Wentworth Radio & Auto Supply Company is a promising investment, in our opinion. Current earnings are equal to more than double the preferred dividend requirements earned under good management. A company in this growing industry should be prosperous.

Hamilton Bridge

I have been advised to buy some shares in the Hamilton Bridge Company. Would you be so good as to give me some idea of how the company is doing, and what you think of the stock?

The Hamilton Bridge Company has plenty of business on hand at the present time, and activity in the structural steel business in Canada seems to indicate that such a condition is likely to continue for some time. We consider the shares of the company to be a business man's speculation, to be included in a diversified list of similar securities.

Canadian Vickers

What is the outstanding stock of Canadian Vickers at the present time? Is a dividend paid on the common? Can you tell me what the company's earnings are this year?

The issued capital stock of the Canadian Vickers Company consists of $1,700,000, 7 per cent. preferred, cumulative, and 50,000 shares of no par value common stock. No dividends are being paid on the common shares at present.

In the year ending February 29, 1928, earnings on the common stock, after all charges, were $2.59 a share. No information is obtainable regarding the current earnings of the company, but we understand that business this year is largely in excess of last year.

Industrial Alcohol

Will the proposed United States drive against imports of liquor from Canada affect the earnings of Canadian Industrial Alcohol? Is the company affiliated with any other liquor interests?

We do not think that any tightening up of the restrictions of the exportation of liquor into the U.S. will have much effect on the position of the Canadian Industrial Alcohol Company. The company is in an exceptionally strong position, as witness the balance sheet published recently.

The company is not affiliated with any liquor interests which would be hit by the new drive against Canadian liquor exports into the U.S.

Canadian Industrial Alcohol controls the Robert McNish Company of Scotland, and the product of this company is sold all over the world. Further revenues from this company are expected to accrue to Canadian Industrial Alcohol in the course of the next few years.

Like every other producer of liquor, no doubt a proportion of the output of Canadian Industrial Alcohol is consumed in the United States. We do not believe that the company, though, sells to bootleggers here who make their living by rushing the company's products across the border.

While it is right that Canada cooperate with the U.S. authorities to prevent the lawlessness which has taken place along the border, yet it seems probable that any understanding between the two countries along these lines will have but little real effect on the amount of liquor consumed generally in the U.S.

Or, in other words, until the U.S. definitely enforces its own laws and prevents the sale of liquor there, the volume of liquor originating in Canada will probably bear exactly the same proportion to the total imports into that country as it has done in the past.

Charles Walmsley

What is the position of the bonds of the Charles Walmsley Company?

As you know, the Dominion Engineering Works has taken over the Charles Walmsley Company. No statement has been made as yet regarding the Dominion Engineering plans in connection with the Walmsley bonds.

Of these bonds there are now $935,000 outstanding. These were issued in 1923 and guaranteed by the Armstrong-Whitworth Company.

It seems reasonable to presume that in this recent deal, some means have been taken to relieve the British company of its contingent liability on the bonds. It is just possible the bonds might be redeemed—they are redeemable at 104 and interest.

We believe that some definite statement will be forthcoming in a short time. Recent quotations on these bonds are 92-96. In any event the deal improves the investment position of the issue.

Clyde & Sissiboo

I hold some Clyde and Sissiboo bonds, but have heard nothing of the company for some time. What is the situation of this company? Have the bonds any value?

The Clyde and Sissiboo 6½ per cent. bonds have no market value as no one is willing to purchase the issue. The property languishes in the hands of the receiver and we believe that early next year a bondholders meeting will be called to authorize certain arrangements to be made with a possible purchaser of the property.

The Royal Trust Company is trustee for the bondholders and acts as receiver and operates the property for them. The company produces groundwood pulp, for which there is a very poor market at present. Moreover, there seems to be no chance whatever of any betterment in the groundwood pulp market, especially as the outlook for newsprint prices remains gloomy.

Those with a knowledge of the undertaking feel that the bondholders will be lucky if they eventually obtain 50 per cent. of the par value of their holdings.

Power Corporation

Has Power Corporation benefited by the recent strong market as far as its subsidiaries are concerned? I would like your opinion on its preferred stock, and also the outlook for the common.

It is thought that the last rise in Smelters accounted for a profit of some $750,000 in the market value of shares held by the company. Again, the increase in value of the company's holdings in Southern Canada Power represents in book value approximately another $750,000.

A favorable price was received for the corporation's holdings of Ottawa and Hull Power Company and the Ottawa River Power Company, which passed to other hands in March last. The company made a handsome profit on its holdings of British Columbia Electric Railway, whose common stock was taken over by the British Columbia Power Corporation. Its holdings of Winnipeg Electric, Brazilian, Shawinigan and Canada Power and Paper have shown a healthy increase in value.

We think that the first preferred stock is a gilt-edged investment, and we consider the common to be an extremely attractive issue in its class. As you probably are aware, an interim dividend was recently declared on the common stock.

Canadian Celanese

A good many months ago The Financial Post included in a list of a business man's speculative securities Canadian Celanese preferred, which I later purchased. I have done little but watch the stock decline. Should I sell out now, or is the outlook for the future improving? I would like to hear from you how you now regard the company and the outlook for the shares.

It is anticipated that Canadian Celanese will earn its preferred dividend when 350 looms are in operation at the plant. At the present time something over 250 looms are producing. New looms are being added as fast as possible. It may take a year or two before the company is earning its preferred dividend requirements.

It is understood that the company is now on a satisfactory operating basis.

During its initial operations, the company ran into merchandising difficulties. These difficulties, though, appear to have been no worse or no greater than those experienced by any other new industrial.

In the meantime, we understand that the situation has improved and that the outlook for the future is correspondingly better. When The Financial Post first mentioned the stock as a business man's long hold speculation, it was generally felt that the results achieved by this time would have been better than those actually experienced. However, the new plant encountered the usual difficulties in bringing its output up to the capacity of its machines and in addition, as has been said, certain merchandising difficulties were encountered. To a large extent, the merchandising troubles have been eliminated and the outlook for the future appears better.

Our feeling is that for a long hold the stock should work out satisfactorily despite the fact that it now is undoubtedly in the speculative class. One of our reasons for feeling that the company should do well is the results achieved by the sister companies in Great Britain and the United States. Celanese is a much superior product to the ordinary artificial silk and is thus able to command higher prices.

It is to be admitted that at a later date new factors might enter into the whole textile situation tending further to retard the progress of the company. This is one of the several speculative features surrounding the shares. On the whole, though, the prospects of the company appear to be improving.

2nd Can. Invest. Trust

Would you be good enough to advise me if you think Second Canadian General Investment Trust a good buy at $100?

We believe the Second Canadian General Invesment Trust at $100 is a promising investment with the probability of moderate appreciation of capital.

Sterling Trust

Would you be good enough to let us know the standing of the Sterling Trusts Corporation with head office in Toronto and a branch in Regina?

Sterling Trusts Corporation, with head office in Toronto and a branch in Regina, is a good company of moderate size. The corporation, we believe, is a safe depository and the stock a reasonably good investment. The company has been making good progress in the last several years.

Figuring Yield

The preferred stock of Goodyear is $100 par value and the dividend rate is 7 per cent. When the high price of the week was 108½, the low 107 and the close 108 the yield on the market pricce was given as 6.52 per cent. Please explain how this 6.52 pe rcent. yield was arrived at.

The yield on a preferred stock is obtained by dividing the purchase price into the dividend. At 108 the yield on a seven per cent. preferred stock is 6.49 per cent. The figure we gave was a slight error.

Mortgage Finance Corp.

I hold some bonds of the Mortgage Finance Corporation. Do you know if there is any market for these bonds?

After getting in touch with the Mortgage Finance Corporation in Montreal, we learn that they are willing to re-buy these bonds from the bondholders at a price of $75. Thus, if you want to sell, you could obtain $225 for your $300 in bonds. This does not include the common stock.

Unfortunately, there is not enough information in your letter from which we can tell whether or not you should dispose of the bonds or not. They can only be regarded as a long hold investment for a business man who has a diversified list of similar holdings.

Newsprint Stocks

I have been thinking that some of the newsprint stocks might be attractive purchases for a six months' turn at present prices. What is your opinion? Would you recommend any particular stock?

We do not believe that any of the newsprint stocks at the moment look particularly attractive as a six months hold.

In view of the present situation surrounding the newsprint industry, virtually all of the newsprint stocks can only be regarded as out and out gambles at their present levels.

It is only fair to say, though, that any increase in the demand for newsprint next year in the United States might quickly be reflected marketwise in the price of the newsprint stocks. However, the industry is over-expanded and likely to remain so perhaps over a term of years. A turn for the better, though, might come within a year.

"Ex-Dividend"

Kindly explain to me what is meant by "ex-dividend" and also "selling short."

Ex-dividend means simply "without dividend." For instance, recently Pacific Burt directors declared a dividend payable to shareholders of record, or registry, on November 27. Thus, if you bought Pacific Burt on November 27, or afterwards you would be buying it without dividend. Stocks are said to be selling ex-dividend between the time of the closing of the transfer books and the actual mailing of the cheques to shareholders. This is usually about two weeks, but occasionally is longer.

"Selling short" simply is selling something that you have not got. If you believe that a certain stock is too high in price, you might think it good business to sell that stock, although you do not own it. After you have sold short you eventually must cover. If your judgment is correct the stock will recede in market value after you have sold it, and when you think it has gone down to something like its real value you buy the same amount of stock that you previously sold and deliver that stock. The difference between the selling price and the purchase price is your profit. Of course, it is likely that you would be called on to deliver the stock you have sold before you are ready to purchase it. But you get around that difficulty usually by borrowing a sufficient amount of stock to make the delivery to the purchaser, and when you eventually cover your short sale you deliver not to the person to whom you sold, but to the person from whom you borrowed the stock. Occasionally there is a shortage of stocks, you cannot borrow it and in that event the only means of covering is by purchase. There are short sales in commodities as well.

B.C. Power

Do you think that the "A" shares of B. C. Power are a sound purchase at present prices, for a five year hold?

The stock you mention is excellent as a five year hold. The B. C. Power Company serves a territory which is growing and which is likely to maintain its growth in the future. Over a term of years we look for increased earnings coupled with some appreciation in the shares marketwise.

The stock appears to be one of the more attractive issues in the power industry in Canada.

General Steel Wares

As I have great faith in your verdict on such matters and can look to no one else so dependable, would you give me your opinion on General Steel Wares?

General Steel Wares is the name of a company which took over three large companies in the sheet metal and stove business about a year ago.

The original capitalization of General Steel Wares appeared to be somewhat high, but we understand that earnings have been improving rapidly. The management is experienced and able, and we view the common stock of General Steel Wares as a promising speculation for a hold of a year or longer.

Dominion Bridge

Is the Dominion Bridge Company doing well at the present time? I have been considering buying some of the common stock as it seems to have appreciated in value considerably.

Dominion Bridge is the biggest producer of structural steel work in Canada, and is getting a large share of the structural steel orders which are being let at the present time. In addition, its subsidiary, the Dominion Engineering Works, is doing very well. This company, recently purchased the Charles Walmsley Company which manufactures a line of products associated with those produced by the Dominion Engineering Works.

We consider the shares of Dominion Bridge to be an attractive business man's speculation.

Quick Turn-Over

I would like your advice as to a good investment that would give a quick turn-over on, say, $500 to $1,000 capital.

We do not know of any stocks that are certain to give you a quick turn or quick profit in the market. We do not know what will be the course of the stock market in the immediate future. Very often in periods of recession sound stocks are carried down below their intrinsic worth.

Stocks bought for the quick profit are necessarily speculative, but often stocks bought as a permanent investment show a quick profit.

International Petroleum, Power Corporation of Canada, Montreal Power and Quebec Power are four stocks in or approaching the investment class, but which are attractive, in our opinion, because of the probability of appreciation in market value.

Dominion Iron

What is your opinion of the situation surrounding Dominion Iron and Steel Company? Do you think that the company will pay the interest on the consolidated mortgage bonds?

The Dominion Iron and Steel Company is probably at the moment earning more than the bond interest requirements on all its outstanding bonds—with the exception of the income bonds ranking after the consolidated mortgage.

However, as you are aware, interest on the consolidated issue is not being paid.

While earnings may be in excess of bond interest requirements, yet the company is not able to make any allowance for depreciation. As the company is being operated in the interests of the bond holders, the receivers find it inexpedient to make payments on the consolidated issue. In other words, until such time as interest arrears are met, the bond holders are virtually the owners of the property. As owners, they do not wish the receiver to initiate interest payments which might endanger the future of the undertaking.

We do not anticipate interest payments on the consolidated mortgage bond issue because it is our opinion that the company is over capitalized. This over capitalization must be rectified, and will be rectified in the ultimate reorganization of Besco and its component companies.

In other words, the company at the present time with its bond issues has too heavy a load to carry.

Even if the Dominion Iron and Steel were earning sufficient to meet all bond interest requirements, these would not be paid. The reason being that annually, in a company of this character, large sums must go back into plant and property and into depreciation account. With the present capitalization, it seems that there is no possibility of the Dominion Iron earning sufficient to meet both its interest charges and those charges which assure the future of the company as a growing concern.

Canada Malting

We will appreciate having you give us your opinion on the stock of the Canada Malting Co., Ltd., as a short term investment. Is there any foundation for the report in recent months that they were likely to be bought by or amalgamated with the National Breweries?

Earnings of Canada Malting Co., in the last year were not high, but the balance sheet reveals the company to be in a sound position, and when the company has the benefit of operation of its new Toronto malt house it is reasonable to expect that the earnings per share will be materially increased.

We had not heard the rumor that the company would be amalgamated with or bought by National Breweries, and are unable at this time to get confirmation of it.

We believe the stock of Canada Malting to be attractive for a long hold.

Great West Saddlery

Last March I bought 10 shares of Great West Saddlery preferred, around $98 with 10 common at $18. The preferred pays 6½ per cent. but the common nothing and I feel a little uneasy at times, although it seems to be coming out all right. I would appreciate your advice as to selling Great West Saddlery and buying Bell Telephone.

Bell Telephone Company of Canada is one of the soundest Canadian investments. An increase in the dividend rate on Bell Telephone is improbable, but there should be, from time to time, rights on new stock which would be of some cash value to the shareholders. However, the Dominion parliament in the last session declined to authorize an increase in the capitalization of Bell Telephone Company of Canada. Possibly the right to increase the capital will be blocked again. Until such time as the authorization is approved by parliament there will be no rights.

Great West Saddlery Co., preferred at this stage is not so sound an investment as Bell Telephone. One is an industrial and the other a utility. The present Great West Saddlery Co. is an investment which has not yet been seasoned as the company became a public investment interest only this year. The initial report was favorable, however, and it is reasonable to expect continued satisfactory progress. Great West Saddlery is a proper investment, in our opinion, for a business man, but it is not quite so conservative as Bell Telephone Company of Canada.

When Women Invest

Widow must live from income from estate of $25,000 or $30,000; long-term versus short-term bonds; why several common stocks included in suggested list.

A WEEKLY FEATURE

I am responsible for the investment of between $25,000 and $30,000 for a widow. I am interested in securing the highest interest rate possible and yet be assured of perfect safety. Will you please advise me of a list of bonds which you would recommend that I invest this money in? Would you recommend a long term bond rather than a short term one?

In our opinion, the investor who is looking ahead a number of years probably would be slightly better off buying long term bonds. The difference in yield is slight for the reason that short term issues are in demand by institutions who have money available for a short term. Moreover, the investor in short term bonds is confronted with the problem more frequently of re-investing his funds, and in view of the probability that the long term trend in interest rates will be downward, it is probable that the re-investment would not be so profitable as the original investment.

We have prepared a list of securities costing slightly under $30,000 which gives an income of $1,629 or an income of 5.46 per cent.

List Selected for Safety

We have selected this list with a view primarily to safety. It follows:

Amount—		Cost	Yield	Income
$3,000	C.N.R. (guaranteed) '68	$2,880	4.72%	$135
$3,000	Mtl. Trams "A"	$2,940	5.13%	$150
$3,000	Chile ext. '60	$2,805	6.5 %	$180
$3,000	French Line ext. '51	$3,060	6.32%	$195
$3,000	United Grain, '48	$2,910	5.25%	$150
$3,000	Wpg. Electric Ref. '54	$3,135	5.7 %	$180
100 shs.	($50 par) Can. Gen. Elec., pfd.	$2,900	6.14%	$175
25 shs.	Goodyear Tire, pfd.	$2,700	6.45%	$175
10 shs.	Russell Motor, pfd.	$1,050	6.73%	$ 70
10 shs.	Can. Canners, 1st pfd.	$ 910	6.63%	$ 60
10 shs.	Can. Steamships, pfd.	$ 950	6.43%	$ 60
10 shs.	Mtl. Power	$1,090	2.29%	$ 24
10 shs.	City Dairy	$ 710	3.12%	$ 20
15 shs.	Bell Telephone	$ 835	4.7 %	$ 40
10 shs.	Imperial Oil	$ 910	1.71%	$ 15
		$29,785	5.46%	$1,629

You will observe that we have included an issue of the Republic of Chile. Chile is one of the South American republics with an excellent credit record, and it is reasonable to assume that this issue is safe. The other foreign issue is the French Line external, and we think you will find it satisfactory.

The new issue of the Canadian National Railway due in 1968 ranks as a government bond because it is guaranteed unconditionally as to principal and interest by the Dominion of Canada. The other bond issues are two first grade utilities and one high grade industrial.

Four Good Preferreds

Then we have taken four preferred stocks. The largest investment in the preferred stocks is in the Goodyear Tire and Rubber Co. of Canada. This company is thoroughly sound and in an industry which appears to have an assured future. The Russell Motor preferred is backed by a company having a growing and sound investment account in other securities and with actual or potential revenue of importance from three manufacturing companies, two of which are wholly owned by Russell Motor.

The first preferred stock of Canadian Canners, Ltd., we believe, should eventually become a seasoned investment. The earnings of the company are considerably in excess of the dividend requirements on this issue. The Canada Steamship preferred is in a similar class, and we think that both issues eventually should sell at or close to par.

You may be surprised to find common stocks of Montreal Power, City Dairy and Imperial Oil, Ltd., in this list. The yield from these issues is small, but the total investment is less than 10 per cent. of the amount you have to invest. We think that there will be gradual appreciation of capital from investment in these issues, and a gradual growth in income from increases in dividend payments as the earnings of these companies grow. A prospective increase in dividends on common stocks offsets probable decreases in income from investments in bonds. From time to time re-investments of funds received when bonds are called will be necessary and if, as is assumed, the long term trend of interest rates is down, the income from re-investments will be considerably less. For this season, in our opinion, it is essential to include a few sound common stocks in every investment list even where the investor is not looking for or expecting appreciation in market value.

We also have included five shares of Bell Telephone Co. of Canada in this list. This is a thoroughly sound stock, and while an increase in dividend rate is probably not to be expected it is probable that there will be extra income when existing shareholders are given allotments of stock, assuming that parliament permits the company to increase its capital to a reasonable extent.

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IF YOU LEAVE NO WILL—

If you do not leave a Will the law decides how your estate shall be divided—

1. One-third to your wife.
2. Two-thirds in trust until your children reach twenty-one.

This division may be quite unsuitable as it takes no account of circumstances.

Through your Will you have the power to make your own arrangements for the future welfare of your family, and, by appointing this Corporation your Executor, to ensure your plans will be carried out.

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We Offer:
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CLASS A SHARES
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It is estimated that the Company's earnings in 1929 will be not less than $650,000. Only $200,000 is required to pay the $2 dividend on the Class A Shares.

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Investing New Funds

The new issue of our Monthly List, describing high grade securities which we are recommending for sound investment, is now ready for mailing.

It will assist investors in obtaining desirable diversification in their investments.

Copy of this list will be sent on request. Write Dept. F.J.

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20R

Consumers Glass Company, Limited
5% First Mortgage Bonds

Due December 1st, 1948. Principal and half-yearly interest payable in Toronto, Montreal, Halifax, Winnipeg, Vancouver or London, England. Denominations, $1,000 and $500.

Consumers Glass Company, Limited, commenced production on a substantial scale in 1924 and now produces an important portion of Canadian glassware. The Company has a producing capacity of more than 80,000 tons annually.

For the two years and two months ended October 31st, 1928, average annual net earnings available for bond interest and depreciation were equal to more than 5¼ times annual interest requirements on the First Mortgage Bonds now outstanding.

Price: 95.75 and interest, yielding about 5.35%.

Fully descriptive circular will be furnished upon request.

36 King Street West
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Wood, Gundy & Co. Limited

Royal Financial Corporation
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VIEW AS SAFE ALGOMA CENTRAL BONDS AT 30%

New York House Says Steel Improvement Helps Railways

A New York firm dealing in Canadian dollar and sterling securities, has issued a circular recommending the first mortgage 5 per cent. bonds of Algoma Central & Hudson Bay Railway as a speculative investment at this time because of the improvement in the outlook for Lake Superior Corp. and Algoma Steel Corp. The circular reads in part:

Company own and operates a railroad 331 miles long extending from Sault Ste. Marie, Ontario, northward to Hearst on the Canadian National Trans-Continental, including a branch to Michipicoten Harbor on Lake Superior, and to the Magpie Iron Mines.

Equipment includes 24 locomotives and 1,163 cars.

Land Grants and Subsidies: The Dominion government gave a cash subsidy of $6,400 a mile for 193 miles (from Sault Ste. Marie to Franz, on the Canadian Pacific) and a similar subsidy on the line from Franz to Hearst on the Canadian National Ry.

The Ontario government gave a land grant subsidy of 1,665,000 acres on the line to Franz, and 500,000 acres additional on the extension from Franz to Hearst.

Company's outstanding securities are:

1st Mort. 5% bonds due 1960	$10,080,000
2nd Mort. 6% bonds due 1964	318,800*
5% preferred stock	5,000,000
Common stock	5,000,000*

*The common stock and the 2nd mort. bonds are all owned by the Lake Superior Corp., but since 1916 voting power has been vested in the 1st mort. Bondholders Committee as Trustees.

The 1st Mortgage bonds are secured by a first lien on the railway, a floating chareg on the company's other assets, a guarantee as to principal and interest by the Lake Superior Corporation.

Two Classes of Bonds

In 1916 certain holders of these bonds agreed to accept their interest as and when it might be earned, and their bonds were stamped accordingly. In consequence the bonds are quoted on the London Stock Exchange now, "stamped" and "unstamped." The difference in price is small, and when shown is slightly in favor of the "unstamped" bonds.

In view of the fact that Lake Superior Corp. bonds have advanced to 80, and the common stock from 3½ to 18½, it is evident that there has been a radical change in the outlook for the Lake Superior Corp. Where this improvement will particularly help the Algoma Central & Hudson Bay Ry. will be the opening up of the Michipicoten Iron Mines, and the further development of several discoveries of mineral deposits at different points along the railway. The year 1928 saw a great influx of prospectors and "scouts" for several mining companies, into the company's territory.

At a price of 30 for these bonds one is buying into the undertaking at a round figure of about $5,000,000. This is arrived at by adding the defaulted interest: $6,291,000 to the principal: $10,080,000 and multiplying by 30. It is fair and reasonable to assume that the Algoma Central & Hudson Bay Ry., would find many buyers willing to pay over $5,000,000 for it, as a going concern, and for that reason, if none other, the bonds are a safe buy at around 30.

A message from Palestine says large phosphate held in Transjordania, Palestine, estimated to contain millions of tons of mineral of eight per cent. purity, which is unusually high, to be exploited by Gough General Distributing Co., Ltd., an English concern. Expect to begin operations in March or April, 1929.

Brief Supports Claim Coke Drawback Needed

Steel Co. of Canada Expresses Sympathy in Maritime Situation But Contends Proposals Would Only Place Hamilton Steel and Fuel Producers at Disadvantage

In these columns a month ago, the attitude of British Empire Steel Corp. in its application to the tariff board was summarized. It is therefore worth while to outline the position of Steel Company of Canada as to the proposed changes in the tariff, which was set forth in a brief and a supplementary brief filed with the tariff board.

Besco's application involved tariff item No. 1049 and tariff item No. 1019. The former permits a drawback of 99 per cent. of the duty of 50 cents the ton on bituminous coal when used in the production of by-product coke and the latter permits a drawback of 99 per cent. of the duty on bituminous coal when the coke produced therefrom is used in the smelting of metals from ores and in the melting of metals.

Besco Asks Cancelled

Besco asks that both these items be cancelled, or, in other words, that companies smelting ores and companies producing domestic coke pay the same rate of duty on bituminous coal as is paid when the coal is imported for other purposes.

The Steel Company of Canada brief, signed by Ross H. McMaster, president, remarks that the company subscribes to the general feeling that it may be possible to render aid to the Maritime provinces in a constructive manner. "Necessarily all such suggestions and proposals will require most careful consideration," reads the document, "as it will not be conceived desirable that, to aid the situation in the Maritimes, legislation should be adopted of a character which would cause injury to other sections of the country."

Coke Replaces Anthracite

The brief takes the broad ground that the cancellation of the two drawback items would injure Steel Company of Canada, which imports bituminous coal both for coke for its blast furnace and for the production of domestic coke. At the same time, it is declared that the drawback which is of benefit to Steel Company of Canada is not hurtful to the Maritime coal producers for the reason that Maritime coal cannot, because of cost of transportation, enter the market served by by-product coke from Hamilton ovens.

Moreover, it is pointed out that domestic coke has not replaced bituminous coal in the market, but, rather, has replaced anthracite coal, which for many years has been on the free list. It is declared to be desirable to build up a domestic coke business but that it would be inconsistent to continue anthracite on the free list while exacting a duty on bituminous coal, from which is derived a domestic fuel which is marketed in competition with anthracite.

In the matter of bituminous importations for blast furnaces, Mr. McMaster's brief points out that the Hamilton blast furnace was blown in in 1895, just after coke was made free for steel as well as for pig iron. It was in 1906 that coal for coking purposes was made subject to drawback.

The Besco application contended that the drawback "is a discrimination against and a discouragement to coal mining in Canada, and also frustrates the effect of the import duty on coal." The Steel Company of Canada's reply to this statement is that "the cancellation of the item, as requested, would not add a ton to the coal sales of the Maritime producers, and would only serve to add to the cost of producing coke, pig iron and steel in Ontario to the extent of the duty collected on the coal which would still require to be imported."

In general, it is contended that the cancellation of the drawback, while ostensibly designed to aid the Maritime coal industry, would in reality be of primary benefit to the Maritime steel industry, since that industry is the only one in the steel trade able to use coal produced from adjacent mines, and that cancellation of the item would discriminate against the iron and steel industry elsewhere in Canada to which coal must be brought long distances, from United States mines.

Imports Are Heavy

The brief also points out that the drawback is not applicable to coal used for the production of power at steel plants, in open-hearth furnaces for the production of steel, in soaking pits in connection with the rolling of ingots into blooms and billets, in heating furnaces for re-rolling blooms and billets into bars and other shapes, for annealing and forging and for locomotives and locomotive cranes.

On the other hand, stresses the brief, steel for many purposes (agricultural implements, automobiles, etc.) are subject to drawbacks to a great or less extent and it is clai that these drawbacks are a di vantage to the Canadian steel try. It is emphasized that the age production of steel ingots in C ada for the last five years has less than in the five years imm ately preceding the war and the is cited there are heavy import iron and steel products such as manufactured by primary steel ducers in Canada.

Britain Able to Absorb All Food We Can Send

Empire Marketing Board Demonstrates How Large is Opportunity for Larger Markets in Old Country

The extent to which the British Isles are dependent on outside sources for food supplies is forcibly dealt with in a recent booklet of the Empire Marketing Board in which it is stated that there is ample room in Great Britain for all foodstuffs that the oversea Empire producer can send. The figures are illuminating and point to enormous future possibilities for Canada in supplying foodstuffs to the United Kingdom, says the Department of the Interior, through its Natural Resources Intelligence Service.

In the booklet referred to, it is stated that the whole of the wheat produced in the United Kingdom would only provide bread for about ten weeks, even if none were required for seed and other purposes. At present foreign countries are providing the staff of life for more than 20 weeks in the year. The bread requirements of England and Wales, Scotland and Northern Ireland are therefore being supplied by Canada and from other Empire sources to the extent of something like 22 weeks or to a scarcely larger degree than from foreign sources.

British Production Falls Short

A similar condition prevails as regards beef and mutton, pork and bacon, butter and cheese. In all the principal foodstuffs, the production of the British Isles falls very far short of meeting requirements and foreign supplies are being used to a greater extent than is perhaps generally appreciated, a condition of affairs which resulted in 1926 in the setting-up of the Empire Marketing Board to further the marketing of Empire produce.

Home-produced beef and mutton and pork and bacon furnish about 20 weeks' supply says the Board. Butter sufficient for only seven weeks is produced in the British Isles and cheese for 13 weeks. Foreign countries supply beef for 23 weeks in the year, mutton for 12 weeks and pork and bacon and butter for six months.

Room For All Production

The tremendous scope for development in the marketing of Empire supplies is emphasized by these last items. Overseas Empire countries are supplying pork and bacon for only six weeks out of the 32 weeks in which Great Britain is dependent on outside sources. Beef is supplied by the Dominions to a slightly greater extent, namely nine weeks out of 32, mutton for 20 weeks out of 32, and butter for only 19 weeks out of 45. "It is clear," says the Board, "that there is ample room for all the foodstuffs that the home farmer and the oversea Empire producer can send us."

The Empire Marketing Board invites the public in its daily shopping to demand first the home produce of the British Isles and next to ask for the produce of the Empire beyond the seas. Large numbers of striking colored posters drawn by artists of high calibre exhort the public to buy Empire products. These are displayed on the Board's own frames throughout the country. In its efforts to create a background in favor of Empire buying against which producers and their associations can throw into relief the fine qualities of their produce, the Empire Marketing Board inserts advertisements in a wide range of newspapers. Other activities include the erection of special pavilions at the principal exhibitions to display Empire produce and the setting aside of Empire Shopping Weeks directed, the Board says to "make the Empire come alive" and show how in five continents fellow citizens are laboring to supply the crowded islands with the necessaries of life.

Calendar of Empire Produce

The calendar of fruits and vegetables of Empire illustrates another activity. This interesting and artistic booklet issued by the E.M.B., tells the shopper in handy form what fruits and vegetables can be had from the British Empire. One may see at a glance that the home-grown apples of the British Isles are on the market from July to April, that apples from Canada are to be expected from September to April, from Australia and New Zealand, March to July, and from South Africa, March to June. The fresh fruit schedule also includes peaches from Canada in October and November, pears, September to February and plums, October and November. A page for each month provides a ready reference as to what fruits and vegetables are in season and the sources of Empire supply. A feature of the book which adds greatly to its value is that splendid recipes are given for preparing and preserving Empire fruits. The first of the recipes is for "Glazed Baked Apples" stuffed with sultanas and chopped peel.

Recognizing that one of the essential conditions of successful marketing is the supply of accurate and timely information on market conditions, the Empire Marketing Board is now issuing weekly fruit intelligence notes providing information on actual and prospective supplies of fruit, dates and port of arrival of steamers carrying Empire fruit, and fruit crop prospects in the producing countries. The Board is also interested in learning how many apples are lost between the orchard and the table and has set trained men to work in the ports observing deterioration and damage in transit and reporting results to scientists who can interpret them. Fruit research stations are carrying the problem still further in order to answer the scientific questions which arise concerning production, cold storage, etc.

Empire Imports Increase

Two years ago the British parliament authorized a grant of £500,000 to the Empire Marketing Board which has been renewed and doubtless will continue. Within three years there has been an increase of nine per cent. in Empire imports into Great Britain and all appearances indicate that the early work of the E.M.B., has been highly successful. The Board is, however, looking very much farther ahead than the immediate problems of interesting consumers in Empire products and in introducing improved methods of packing, grading and selling. It is aiding financially a whole series of scientific investigations directed toward the ultimate object of producing within the Empire countries much greater quantities of foodstuffs with which to supply the British market. Wherever the E.M.B. sees a promise of scientific research, that may advance the agricultural development of the Empire, it supplies funds to enable the promise to be fulfilled. An instance showing how this policy is carried out in Canada is the research work done at the Ontario Agricultural College at Guelph on the factors governing the quality of eggs and the effect of diet on their hatching capacity, an investigation being carried on with the aid of a handsome grant from the Empire Marketing Board.

Work in Agricultural Research

The Board concerns itself with seed and has supplied Canada with a considerable quantity of a new and improved flaxseed. It is especially interested in the quality of grasses and states that the crop is still the greatest of Empire crops, a statement which may be more readily understood when it is pointed out that Great Britain consumed each year grassland products to the amount of £426,000,000 in meat, dairy produce, wool, hides, etc., the bulk of which are derived from pasture at home and abroad. Obscure causes, it is stated, are at work in the grass lands of the world, and especially of the new countries, undermining the strength and checking the growth of animals. It is now believed that these symptoms are due to lack of minute quantities of minerals in the soil and that practical remedies can be discovered which would strikingly increase the milk and meat yields of the Empire's herds and enable more animals to be raised to the acre than hitherto.

The Board is also waging war on insects which it believes are the greatest enemies of Empire, carrying disease amongst men and animals and attacking every field in which man has gathered together plants and animals, with a loss to mankind of a tenth part of his crops. Of the many ways of attacking this scourge of insects, the most promising is believed to be letting loose upon them other more minute insects which are their natural enemies and destroyers. Therefore, the E.M.B. has enabled the Imperial Bureau of Entomology to buy and maintain the strangest Zoo in the world—a station in which the necessary parasites can be kept under very careful safeguards for despatch to any part of the Empire where insect raids are reported. Canada, though she has her own parasite breeding laboratories, has benefited by importation of the earwig parasite.

The research and marketing activities of the Empire Marketing Board are already of great interest to Canada and should be vastly more so as the years go on. In bringing the work of the Board before the Canadian public in this short sketch only a few of the high spots have been hit in a range of activities which appears to include every phase in the production and marketing of the products of agriculture.

Automatic radio transmitter, which can be set with latitude and longitude indications and signal these automatically with S. O. S. call demonstrated by Cuban naval officer.

Bogota dispatch indicates banana strike in Colombia has been settled, following death of communist leader, Alberto Castrillon, in clash between troops and strikers.

An Increase in Dividend

IT has been decided to increase the dividend on Class "A" Stock of International Proprietaries, Limited (Eno's "Fruit Salt") from $2.40 per annum to $2.60 per annum. A shareholders' meeting to approve this action has been called for January 12, 1929.

INCREASE IN YIELD

This will increase the yield from 6% to 6.85% at the present price of $38 per share. The dividend participating feature up to $3.40 per share is still preserved to shareholders of Class "A" Stock, so that an ultimate yield of over 8½% on the current market price is a future possibility.

INCREASE IN BUSINESS

The reason for this increase is that the development of the business of J. C. Eno, Limited, has been even more rapid and satisfactory than was originally anticipated. 1928 sales throughout the world are greater than for any previous year, and net earnings will substantially exceed the estimate made when Class "A" Shares were originally issued. 1929 profits should show a further increase.

We recommend the purchase of International Proprietaries, Limited, Class "A" Stock.

PRICE: $38 per Share and accrued dividend, yield 6.85%

With participating privilege up to an 8½% yield on the current price.

Full particulars furnished upon request.

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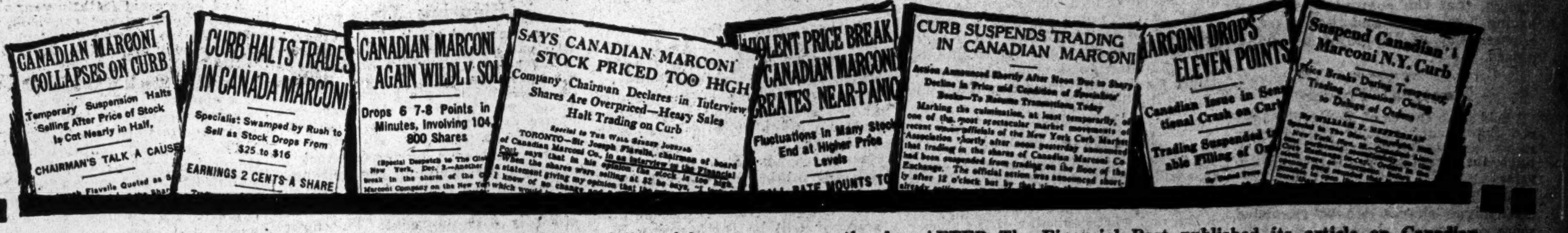


CANADIAN MARCONI COLLAPSES ON CURB
Temporary Suspension Halts Selling After Price of Stock Is Cut Nearly in Half.
CHAIRMAN'S TALK A CAUSE

CURB HALTS TRADES IN CANADA MARCONI
Specialist Swamped by Rush to Sell as Stock Drops From $25 to $16
EARNINGS 2 CENTS A SHARE

CANADIAN MARCONI AGAIN WILDLY SOL
Drops 6 7-8 Points in Minutes, Involving 104,800 Shares

SAYS CANADIAN MARCONI STOCK PRICED TOO HIGH
Company Chairman Declares in Interview Shares Are Overpriced—Heavy Sales Halt Trading on Curb

VIOLENT PRICE BREAK CANADIAN MARCONI CREATES NEAR-PANIC
Fluctuations in Many Stocks End at Higher Price Levels

CURB SUSPENDS TRADING IN CANADIAN MARCONI

MARCONI DROPS ELEVEN POINTS
Canadian Issue in Sensational Crash on Curb

Suspend Canadian Marconi N.Y. Curb

Reproductions of headlines in leading American and Canadian daily and financial newspapers on the day AFTER The Financial Post published its article on Canadian Marconi that put an end to the artificial boom in that stock and thus gave investors facts instead of "tips" to work on.

The most important financial story of 1928 [the story that started the big December break in stocks] was given to the world by The Financial Post

NO MORE sensational financial event has marked the year 1928 than the pricking of the Canadian Marconi bubble. Touted by a large group of New York brokers, Canadian Marconi had a sensational rise on the stock exchanges of Toronto, London, New York and Philadelphia. Thousands of small investors were induced to buy the stock outright or on margin. About a year ago when the stock had moved up rather rapidly from 70c. to $3, The Financial Post published authoritative statements as to the real value of the shares and their prospects. The Financial Post stated its opinion that the shares were not intrinsically worth the price they were selling at.

But despite this warning sounded through The Financial Post, the shares continued their mad rise. Certain stock brokers felt confident of their power to put the shares up, and by consistent propaganda they got so many people scrambling blindly for the few shares available for public trading that "scarcity value" pushed the stock higher and higher.

The Financial Post was convinced that a gigantic bubble was being blown up. It felt that the same tactics that put the shares up from a few cents to $28 could put them to $50 or $100, with thousands of further investors being induced to entrust their small savings to the unsound fabric of a purely artificial market. So it sought and obtained a statement from Sir Joseph Flavelle. This statement appeared in The Financial Post of November 30. In it Sir Joseph declared that the stock was selling at an unwarranted level. This statement was wired all over the continent soon after it appeared in The Post. Such eminent publications as the New York Times, the New York Evening Post, the Wall Street Journal, the Boston News Bureau, etc., copied the story out of The Financial Post and credited it to this publication. At 11.20 a.m. of November 30, Dow, Jones and Company put The Financial Post's story on their wires, crediting the story to the source, and it was immediately flashed to thousands of brokerage and newspaper offices in every part of the country.

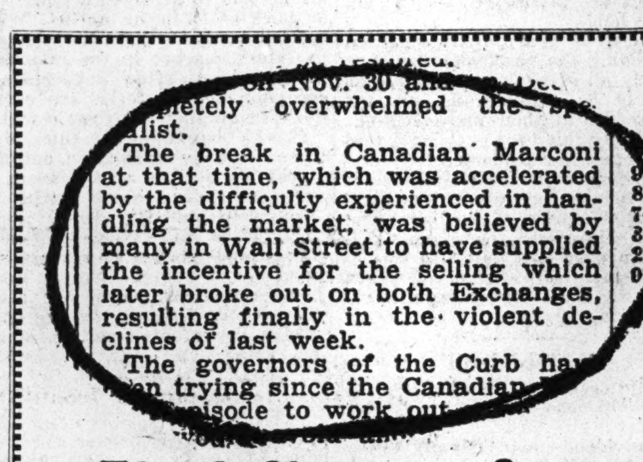
The appearance of The Financial Post with this article was enough to start an avalanche of selling by those who realized they had been duped. The re-publication of the story in as many consequential journals across the line intensified the effect. Before nightfall of the day on which The Financial Post published its story, Canadian Marconi had found a point nearer its real value, had dropped precipitately from 28 to 8, and had been suspended from trading in the New York Curb.

The article also had a much wider effect than pricking the Marconi bubble. Such a debacle as that which followed this necessary adjustment in a thoroughly unsound situation was bound to have a widespread effect. The whole New York Curb list was shaken on the day the article had its sensational effect on Canadian Marconi stock. The New York Times stated that Wall Street opinion was that the Marconi incident started the landslide in New York that wiped six billions off stock values in a few days.

Dow, Jones and Company, who operate ticker news services, published an interesting advertisement in New York newspapers the other day in which they claimed credit for giving first to the American public the two items of news which, appearing in sequence, brought about the break. One was the Canadian Marconi story and the second a statement by Secretary Mellon. Canadians will be pleased to know that a Canadian newspaper gave the Marconi story to the financial world, and that the Dow, Jones service took it from The Financial Post, crediting it to this newspaper.

Those who boomed Canadian Marconi set the stage for the final collapse and the general market break that followed. The incident emphasizes the value to the investor of buying and selling on sound, independent information.

Those are the simple facts of the Canadian Marconi story and it is a story of how a Canadian investment paper published the continent's biggest financial scoop of 1928.



on Nov. 30 and
pletely overwhelmed the
list.
The break in Canadian Marconi at that time, which was accelerated by the difficulty experienced in handling the market, was believed by many in Wall Street to have supplied the incentive for the selling which later broke out on both Exchanges, resulting finally in the violent declines of last week.
The governors of the Curb ha
en trying since the Canadian
episode to work out

The influence of one story

The above clipping is from the New York Times and is one of two articles that appeared in that newspaper attributing the big break in the New York and Canadian stock markets early in December to the unsettlement that had its inception in The Financial Post's exclusive interview with Sir Joseph Flavelle on the value of Canadian Marconi shares.

Since this incident practically every leading financial paper on the continent has drawn the editorial moral for its readers, showing how wild and unreasoned speculation that puts a ridiculously high premium upon shares of low intrinsic value must inevitably lead to loss for those who blindly follow tips from irresponsible people.

The decline in the general list was, of course, due to general nervousness. It did not take much to start a break. The real importance of the Marconi story was in stopping the further artificial booming of the stock.

Post Readers warned year ago

During the past year The Financial Post published several articles warning its readers against the Canadian Marconi madness. No doubt many who saw the stock continue to rise, wondered if The Post was not wrong. But sanity must triumph in the end.

THE FINANCIAL POST
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FISH MERGER WILL RESULT IN BIG SAVING
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—*From a Vancouver business man.*

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—*From a Winnipeg investor.*

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—*A Western insurance man.*

"I think your article on common stocks as investments was the finest investment article I have ever read in any paper."
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Nearly 20,000 other Canadian investors think the same of The Financial Post

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The Financial Post is the leading investment newpaper of Canada. It has a larger paid circulation than any other Canadian financial publication.

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